

To be chief ship's clerk

Ballard, Edward A.

To be chief pharmacist

Carpenter, Seth J.

To be chief pay clerks

Allen, Albert F.	Lewis, James H.
Allison, Sidney C.	Nash, Finley A., Jr.
Digonno, Theodore	Stearns, William
Groman, John M.	Tremblay, Philip A.
Jones, Robert L.	Wiggins, George A.

#### IN THE MARINE CORPS

#### APPOINTMENTS IN THE REGULAR MARINE CORPS

To be second lieutenants

Eugene J. Ambrosio	John D. McLaughlin
Robert S. Anderson	Merrill J. Melton
Herbert J. Bain	Charles A. Meyer
Frederick W. Baker, Jr.	Rex Z. Michael, Jr.
Neil E. Barber	Jack L. Miles
Foster W. Blough	Lester Miller
Norman H. Bryant	Roland E. Miller
Lyle W. Bullard	Mason H. Morse
Thomas R. Burns	Herbert A. Moses
Harrison M. Butler	Stanley A. Myzienski
John W. Caraway	John H. Papurca
James G. Costigan	Joseph A. Piedmont, Jr.
Charlie J. Dunkley	Ollie B. Porter
Frank M. Fitzpatrick, Jr.	Charles A. Read
Homer D. Frison	Augustine B. Reynolds, Jr.
Melvin K. Green	Edward L. Roberts
Richard P. Grey	George C. Schmidt, Jr.
Robert Hall	Clarence R. Stanley
Ernest C. Hargett	Richard E. Stansberry
LeRoy C. Harris, Jr.	Charles S. Stribling
Joe L. Hedrick	Alfred C. Taves
William J. Heepe	David S. Taylor
Hermann Heinemann	Erl W. Thompson
John V. Huff	Owen I. Thompson
Clarence M. Hurst	Homer E. Tinklepaugh
James D. Jordan	William P. Vaughan
Jack F. Kelly	Alan J. Warshawer
James F. King	James O. Webb
Harold R. Kurth, Jr.	Marshall A. Webb, Jr.
George E. Leppig	Edgar D. Webber
Alan E. Lowry	William S. Witt
Henry A. Maas, Jr.	Edward A. Wilcox
James P. Mariades	Wallace L. Williamson
Walter D. Maskall	Kermit M. Worley
John C. McClelland, Jr.	John R. Wyatt, Jr.
Robert H. McCormick	Roscoe F. Good, Jr.
Burd S. McGinnis	John J. Bozek
James W. McIlwain	

## HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 27, 1947

The House met at 10 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed Father in Heaven, with grateful and thankful hearts we approach Thee. Do Thou enable us to understand that the best life is not all a battle or a race, but a growth and a walk with God. With this truth in our thoughts, we may turn cheerfully to our appointed tasks. Dismiss from us the jarring and discordant note; let us have done with the drudgery of fear and friction that often make duty an unendurable burden. Help us to ascend into the spiritual heights for inspiration and outlook, to feel the immensities of God's great world house, to wander along its shore lines, drink in the breath of heaven, and thus receive hope and faith and courage for the labors and conflicts of life. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 565. An act to amend section 3539 of the Revised Statutes, relating to taking trial pieces of coins; and

S. 566. An act to amend sections 3533 and 3536 of the Revised Statutes with respect to deviations in standard of ingots and weight of silver coins.

#### LEAVE OF ABSENCE

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent that the gentleman from Mississippi [Mr. RANKIN] be granted leave of absence for today on account of illness.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### COMMITTEE ON PUBLIC LANDS

Mr. WELCH. Mr. Speaker, I ask unanimous consent that the Committee on Public Lands be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### EXTENSION OF REMARKS

Mr. POTTS asked and was given permission to extend his remarks in the RECORD and include an editorial from the New York Times of March 19, 1947, on a bigger Panama Canal.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an address by William S. Livengood, Jr., secretary of internal affairs, before the Philadelphia Chapter of American Institute of Banking at the Bellevue-Stratford Hotel, Philadelphia, Pa., on Saturday, March 22, 1947.

H. R. 2090

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that certain photographs and papers in connection with the bill H. R. 2090, a private bill which I introduced in the last session of Congress, be returned to the claimant. There has been no adverse report filed by the committee.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### SPECIAL ORDER GRANTED

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that on next Monday, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore entered, I may address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### LEAVE OF ABSENCE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that I may be granted leave of absence from March 31 through

April 9 on account of official business in my district.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

#### EXTENSION OF REMARKS

Mr. PASSMAN asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. SMATHERS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. FOLGER asked and was given permission to extend his remarks in the RECORD and include an article by Hon. Harold Ickes entitled "Proposed Loans to Greece and Turkey Become Less Clear With More Light."

Mr. CASE of South Dakota asked and was given permission to extend his remarks in the RECORD in two instances and to include certain correspondence of interest to the Sioux Tribe of Indians.

#### COMMITTEE ON ARMED SERVICES AND COMMITTEE ON THE JUDICIARY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and the Committee on the Judiciary may meet today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### GENERAL DEBATE ON THE TAX BILL

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the time for general debate on the bill (H. R. 1) to reduce individual income taxes be continued until not later than 2 o'clock this afternoon, the debate to be confined to the bill and equally divided and controlled by the gentleman from North Carolina [Mr. DOUGHTON] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

#### CALL OF THE HOUSE

Mr. KNUTSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Allen, Ill.	Feighan	Marcantonio
Andrews, N. Y.	Fuller	Meade, Ky.
Bakewell	Gerlach	Meade, Md.
Barrett	Granger	Mills
Beall	Grant, Ind.	Mitchell
Bell	Hall	Morrison
Bland	Edwin Arthur	Morton
Bloom	Havener	Norton
Bradley, Mich.	Hendricks	O'Konski
Bulwinkle	Hull	O'Toole
Cannon	Jenkins, Pa.	Patterson
Clark	Johnson, Tex.	Peden
Cole, N. Y.	Kennedy	Philbin
Courtney	Keogh	Potts
Davis, Tenn.	Kilday	Rains
Dawson, Ill.	Lesinski	Rankin
Delaney	McCowan	Rivers
Donohue	McDonough	Rooney
Douglas	Macy	Sabath
Eaton	Maloney	Sarbacher
Fallon	Mansfield, Tex.	Sasser

Scoblick	Somers	Vursell
Shafer	Stigler	Wadsworth
Short	Thomas, Tex.	Wood
Simpson, Pa.	Towe	Zimmerman
Snyder	Vinson	

The SPEAKER. On this roll call 349 Members have answered to their names, a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

#### PHILADELPHIA NATIONAL SHRINES PARK COMMISSION

The SPEAKER. Pursuant to the provisions of Public Law 711, Seventy-ninth Congress, as amended by Public Law 9, Eightieth Congress, the Chair appoints as a member of the Philadelphia National Shrines Park Commission to fill the existing vacancy thereon the gentleman from Pennsylvania [Mr. McGARVEY].

#### EXTENSION OF REMARKS

Mr. CHELF asked and was given permission to extend his remarks in the RECORD and include a dedicatory address delivered by him at Station WKYW.

Mr. POWELL asked and was given permission to extend his remarks in the RECORD and include five newspaper items.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. KELLEY asked and was given permission to extend his remarks in the RECORD and include excerpts from a letter.

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD and include an article from today's edition of PM.

Mr. JONES of Washington asked and was given permission to extend his remarks in the RECORD and include an editorial from the Times-Herald of Washington, D. C., published March 22, 1947.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD concerning the so-called merger of the Army and Navy.

Mr. HALE asked and was given permission to extend his remarks in the RECORD and include a radio address which he made last week.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DINGELL asked and was given permission to extend his remarks in the RECORD and to include a timely editorial from the Boston Globe of March 25 captioned "Penny-wise and pound-foolish."

#### COMMITTEE ON FOREIGN AFFAIRS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

#### SPECIAL ORDER GRANTED

Mr. BENDER. Mr. Speaker, I ask unanimous consent that today, after the close of legislative business, I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

#### INDIVIDUAL INCOME TAX PAYMENTS

Mr. KNUTSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 1) to reduce individual income tax payments.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 1, with Mr. CASE of South Dakota in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday, the gentleman from Minnesota [Mr. KNUTSON] had 25 minutes remaining, and the gentleman from North Carolina [Mr. DOUGHTON] had 15 minutes remaining. By unanimous consent granted in the House today, the time for debate was extended until not later than 2 o'clock, the added time to be equally divided between the gentleman from Minnesota and the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. At the outset, Mr. Chairman, I wish to advise my colleagues that I was not responsible for the quorum call that brought them here. I am glad, however, to see that the audience is a little larger than it was at the time the quorum call was made, because of a few points I hope to make during the course of my remarks.

Let me repeat what I have said before, that I yield to no man in my desire to reduce taxes. I am most anxious for that moment to arrive; but I cannot today agree with the majority that now is the time to do it, because on this tax bill, as was the case on the budget measure, they are acting in the dark; they are basing their decision not on factual information but rather on campaign promises. They are placing in jeopardy the opportunity of balancing the budget, and yet they have the colossal nerve to tell us they are going to balance the budget, they are going to pay on the public debt, and also that they are going to reduce taxes by \$3,800,000,000 a year. I have asked many times that they tell me how they are going to do it, but I have yet to receive an answer. I hope sometime before the debate closes that the answer will be given to us.

It has been the practice in the past for the Republican Party to proclaim to the Nation that they believe in a sound fiscal policy for this government, that they believe in fairness and equity to all concerned. As was pointed out yesterday, in the minority views on the tax bill of 1945, which was signed by the now chairman of the Ways and Means Committee as well as the other Republican members, grave concern was expressed for the people in the low-income brackets. To follow that policy, of course, would detract considerably from campaign promises that were made last fall, and

because of those campaign promises they are riding roughshod today.

I made a statement yesterday, when the gentleman from Ohio yielded to me after he had asked why the Democrats on the Ways and Means Committee had voted for the amendment of the gentleman from New Jersey [Mr. KEAN] providing an additional 10 percent for those in the brackets below \$1,000, I told him then that we were ready and willing at any time to help make a bad bill a little better if we could. He asked then why we had not suggested that it be raised from 30 to 40 percent, and my reply at that time—and I read now from page 2663 of the CONGRESSIONAL RECORD, the first column:

I will tell the gentleman why we did not offer anything in the committee, because of the way the committee was ridden by one man. We did not stand a chance, and I will tell you more if you want to hear it.

To that the gentleman from Ohio replied—and again I read:

I am sorry that the gentleman is aggrieved. It is almost childish to think that one man dominates the whole 25 members of the committee. I am sure that the gentleman from Rhode Island was not dominated.

Of course, I was not dominated and I am not going to be dominated, but I was precluded from expressing freely my thoughts and my opinions. That was not the only instance where we had to face that type of boss rule. Read the hearings, read the reports of the newspapers during the consideration of this bill, particularly during the 2 days of hearings.

Let me go further and give you a little background of this bill. I am not going to deal in statistics this morning because you have plenty of statistics in the CONGRESSIONAL RECORD. You also have a discussion there on the merits and demerits of the bill, but I think you are entitled to know how this bill is up today and why it is being rushed through. The bill is here today because, as I said before, of campaign promises that were made at a time when it was the hope of the Republicans that they would control this House. Frankly, in their own hearts they had no hope of controlling the body at the other end of the Capitol. It would have been great politics for them to put through this House a tax-reduction bill and have the Democratic-controlled Senate defeat it. But the voters crossed them up and gave the Republicans complete charge of both branches of the legislature. Today they are on the spot. They are trying to make good. In their effort to make good, what are they doing? They want to make good, of course, in the higher brackets, because that is where their slush fund for the election comes from. They want to make good in the higher brackets, practically disregarding the little people.

They brought in this bill which was supposed to be a cut of 20 percent across the board. What happened? The gentleman from Minnesota and his colleagues realized what would happen with a 20-percent across-the-board cut. They realized they would be reducing the tax of the man in the higher brackets by about 7 percentage points below the taxes



he paid in 1939 and they did not dare face the music. So they said that those earning above \$302,000 would be cut about 10½ percent. To those below the \$302,000 brackets and above the \$100,000 bracket, yes, above \$1,395, they gave a 20-percent cut.

Then they come in with a little notch for that group between \$1,000 and \$1,395 and they say magnanimously "We are going to give 30 percent to the little people." Yes; 22 cents a week to a married man who makes only \$1,200 a year. That to me is an insult.

But, let me get back to the progress of this bill. It came before the committee after the Republicans, behind closed doors, had reached an agreement on what they were going to do. They had 15 members to 10 of the Democrats. They did not care how the Democrats acted. The gavel was there and there was a strong man handling it; also there were 15 votes against 10. Therefore, they brought in a bill considered behind closed doors. Let me assure you that the Republicans are not as full of agreement as appears on the surface, and as appears from these reports of what has been going on. I have heard some pretty loud voices behind these closed doors which indicated to me they were not getting along so well. Then they whittled the cut down a little further, and they bring in a bill that will give relief to the low-income group by 30 percent. This on the motion of the gentleman from New Jersey [Mr. KEAN]. What does that do? It does so little that if you take the chart you will need a magnifying glass to see the line and note where there is any real relief in the low-income brackets.

Mr. Chairman, you must realize this bill was supposed to be considered only in closed hearings, with selected witnesses, supposed to be only representatives of the Treasury Department, the Bureau of Internal Revenue, together with the staff of the Joint Committee on Internal Revenue Taxation. The committee voted on motion by the gentleman from New York [Mr. REED], that the hearings would be restricted, and the date set for the hearings was February 18 and 19. Again, I say one man rules the committee. The chairman decided to postpone the hearings and we, the Democratic members of the committee, learned of that postponement only through the press and not from the chairman of the committee. We also learned through the press first when the hearings would be held in March and also we learned then that it had been decided the hearings would be open to the public.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. FORAND. I ask you, ladies and gentlemen, in this country where we proclaim democracy, is it fair, is it honest for the Republicans to close the door on the Democrats and when they have legislation ready, to say, "Here it is fellows. Take it. If you are not going to take it, you will not get anything."

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think it is well to put in the RECORD, right here, the fact that every hearing on tax legislation held before the Committee on Ways and Means under a Democratic-controlled committee, was open to the public, and every person interested had the opportunity to appear and testify.

Mr. FORAND. The gentleman is absolutely right, and that is the way it should be. But the Republicans go considerably further when they adopt a rule such as that which was brought in yesterday. Why, gentlemen, you will not even hear the bill read. The rule precludes the reading of the bill.

Mr. McCORMACK. Mr. Chairman, if the gentleman will yield further, there is an absolute constitutional right involved; the right of the citizens to petition their public officials, and it is denied in this case to the public, and we have always preserved it.

Mr. FORAND. Oh, of course, that is true, and I believe any one of you who would sit in the Committee on Ways and Means would realize that constitutional rights mean nothing. In fact, our Republican friends were so anxious to bring this bill to the floor that the rule provides for only 6 hours of general debate. When the legislative counsel pointed out that there were technical amendments that should be made to this bill, the gentleman from Minnesota simply said, "The Senate will take care of it." Now, I ask you, is that the way to bring in legislation?

Mr. KELLEY. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Pennsylvania?

Mr. KELLEY. That is not the only committee that is holding hearings by the majority members to the exclusion of minority members.

Mr. FORAND. I heard that.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Michigan.

Mr. DINGELL. I want to say for the record that I believe it is true that not all hearings were held officially here in the Capitol. They were held elsewhere, and the decisions were made elsewhere.

Mr. FORAND. I will say to the gentleman that I am inclined to agree with him, because you recall, as I do, I am sure, that last week there was a postponement of the meeting of the committee for 2 days so that the Republicans could get together on the Kean amendment, and certain members left town.

Mr. LESINSKI. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Michigan.

Mr. LESINSKI. Is it not a fact that the Manufacturers Association wrote this bill?

Mr. FORAND. I would not be a bit surprised that they were behind it. They had a finger in the pie. They were hot and bothered about it, and so was the chamber of commerce.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from New Jersey.

Mr. KEAN. The gentleman said some hearings or discussions on this bill took place somewhere else than in the Capitol. As far as I am concerned there was no discussion of the bill or meetings of the Republican members anywhere except in this Capitol or in the House Office Building.

Mr. DINGELL. Mr. Chairman, if the gentleman will yield further, I do not believe my friend the gentleman from New Jersey [Mr. KEAN] is high enough in the inner circles of the party. You were not all included; you would not know about it.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Minnesota.

Mr. KNUTSON. When the gentleman from Michigan makes the statement that any conferences were held outside the Capitol or the House Office Building, that is false.

Mr. FORAND. Will the gentleman also brand as false the fact that when the Republican members of the Ways and Means Committee tried to report out the original Knutson bill, the steering committee of the Republican Party called them in?

Mr. KNUTSON. What do we have a steering committee for?

Mr. FORAND. That same gentleman from Minnesota told us in the committee that the committee was going to write the bill, and Republican members of the committee did write the bill, but the committee amended the bill at the request of the steering committee.

Mr. KNUTSON. I am getting tired of these false statements.

Mr. FORAND. I am giving the facts.

Mr. KNUTSON. We will reply to the gentleman in time.

Mr. FORAND. I am very anxious to get a reply, and I hope it will be a clear-cut one. I hope it is not the kind of reply I got when I asked the chairman in committee when the time would be propitious to consider my bill raising exemptions. The only answer I got then was a bang of the gavel by the chairman.

Mr. KNUTSON. He always does that when foolish questions are propounded.

Mr. FORAND. That is the gentleman's opinion as to how foolish the questions are, but I will match my wits against his, and I think I have at least as much brains as he has, despite the fact that he has lived more years than I have.

Now, with that background, ladies and gentlemen, I do not ask you to vote as I am going to vote. You vote your own convictions, but you are entitled to know the background of this iniquitous bill.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, the Good Book states that when you hand out the Gospel you ought to hand it out to sinners and not to saints. The Good Book also says that there is greater rejoicing in heaven over the conversion of

1 sinner than over 99 that need no conversion.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MASON. Not now. Mr. Chairman, I would rather not be interrupted from this floor until I yield the floor.

The CHAIRMAN. The gentleman declines to yield.

Mr. MASON. If the word "sinners" is a proper word to apply to my friends on this side of the aisle, I want to confess right here and now that at least 99 percent of them are delightful sinners, and I love to associate with them as closely as I can. For that reason, I am over here on this side of the aisle speaking for this 10 minutes that has been allotted to me.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield right there?

Mr. MASON. I refuse to yield right now because I have some things on my mind that I want to get off, and I want to get them across to your minds.

The first thing I want to do is clear up a misconception or a misunderstanding that exists between the gentleman from Michigan [Mr. DINGELL] and myself. As you all know, some 3 or 4 weeks ago I tried to analyze the theory behind the Engel bill and the Knutson bill and make comparisons. At the close of that analysis I was interrogated by the gentleman from Tennessee and also the gentleman from Michigan [Mr. DINGELL]. I answered those interrogations as clearly and as specifically as I could by saying either "Yes" or "No."

In the extension of remarks that the gentleman from Michigan placed in the RECORD, which were not uttered on the floor so far as I could hear, he made the statement that I did not know any more about taxes than I knew about the man in the moon. He also made the statement in his extension of remarks that I had not been on the Ways and Means Committee long enough to learn about taxes. That was not a very nice statement to make about a colleague, even if it had been true, and it certainly was not a nice thing to do to put it in an extension of remarks so that the gentleman from Illinois could not answer it at that time.

To clear up the RECORD I want to say this, and not in any prideful way at all. I was studying economics, majoring in economics, specializing in taxation in the university when the gentleman from Michigan was in knee britches. Later on I lectured all over the State of Illinois on tax matters before tax groups, for 7 years. I served in the Illinois State Senate on the tax committee of that senate and piloted tax bills through that senate for six long years. During those 6 years the State of Michigan got into a tax mess, the great State of Michigan, the State from which the gentleman [Mr. DINGELL] comes.

The Legislature of the State of Michigan sent a Macedonian call down to Springfield, Ill., to the Governor—a Democratic Governor—Governor Horner, to please send someone up to Michigan, some person to help them out of their tax mess and to explain the tax

system of the State of Illinois and the methods of the State of Illinois of collecting taxes to the people of Michigan.

The Governor of the State of Illinois—the Democratic Governor of Illinois—Governor Horner, selected the Senator from the Thirty-ninth District of Illinois—a Republican Senator—the gentleman who is now addressing you. I went up to Michigan and I conferred with the tax committee of the Michigan Senate and the Michigan House of Representatives. I spoke also at a mass meeting that evening in the legislative halls, where there were assembled taxpayers from all over the State of Michigan. The next morning I addressed the joint session of the Legislature of the State of Michigan on this tax question. Whether I gave them any light on the subject or not, of course, I do not know, but those are the facts. That was in late April of 1933, 14 years ago, about the time the gentleman from Michigan was placed on the Committee on Ways and Means.

Now, I confess I am a freshman on the Committee on Ways and Means, but I do not think I am entirely a freshman on the subject of taxation. But, as I am a believer in the Good Book, and as I have been criticized and harsh things said about me before many times, even my wife, who has put up with me for 45 years, sometimes says a harsh word to me, I am going to say this to the gentleman from Michigan, and it is what I have said to my wife more than once, "In spite of the harsh words, I shall continue to love you as much in the future as I have in the past."

Mr. Chairman, now about tax theories: Perhaps I should lecture these delightful sinners here on tax theory for a minute or two. As I see it, there are only two questions before us in the consideration of this bill. One question is: Shall we do it now; is this the proper time? The other question, if it is the proper time, is: What is the best way to do it to bring about the greatest good to the greatest number? Those are the only two questions we are faced with here today. First, the proper time; second, how to do it to bring about the greatest good to the greatest number.

I want to try to treat each one of those questions very briefly.

The first one: Is now the appointed time? Well, every sound economist in the country today, without exception, says that our tax rates today are confiscatory; that they have passed the point of diminishing returns; that they are now drying up the streams of risk capital or investment capital; that they are at least slowing up and checking the expansion of business; that they absolutely prevent any new business from being started with any idea of success. Whenever you take 90 cents out of every dollar of profit that a manufacturer makes, which situation applies to many of them today, you are taking away from him the incentive to expand, to create jobs, and to produce the necessary goods to satisfy a hungry, consuming public. That is the situation today. Most people do not realize it, and I am afraid most men in this House do not realize

that taxes and jobs are Siamese twins—they are tied together—they are closely related, and you just cannot separate them.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. MASON. No; I cannot yield.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. MASON. No; I cannot yield. I do not have the time.

Mr. DINGELL. I would like to answer the gentleman.

Mr. MASON. Mr. Chairman, high tax rates always bring about a contracting national economy, fewer jobs, and greater unemployment. Low tax rates always produce an expanding national economy, create more jobs, and eliminate unemployment. Now, that is the situation we are facing in this Nation today, and we have got to do something about it. Whenever taxes take at least one-third of the national income they are absolutely too heavy for the average taxpayer to pay. He just cannot do it, and whenever you take from 80 cents to 92 cents of every dollar of income from the fellow in the high brackets, as you are doing today, then you are killing the goose that lays the golden egg, the golden eggs in this instance being jobs and increasing pay rolls for the workers of America.

Mr. Chairman, "the power to tax is the power to destroy." The speaker is opposed to high taxes, not primarily because they place a burden upon the rich, but because they prevent the poor from becoming rich. The ambitious individual that "dreamed dreams" and "launched out on some business venture" in the days of low taxes has already made his mark. He has accumulated his capital and become a captain of industry. The acid test of a system of taxation is not its effect upon the man who has already achieved, but rather its effect upon the ambitious young man just starting out to achieve.

Collecting taxes is like taking blood from a human body for a blood bank. If we take too much at a time, we run the risk of weakening the patient so that he cannot give blood another day. Whenever a tax takes too much or too often from the channels of business, business is weakened and the Treasury loses. When virile, forward, venturesome young men are permitted to grow and expand in a favorable tax climate the Treasury gains. High tax rates produce an economic anemia that prevents business expansion and makes it impossible for an ambitious, venturesome young man to achieve.

Mr. DOUGHTON. Mr. Chairman, I yield 17 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I am sure all Members who were on the floor were very glad to hear, from his own lips, the gentleman from Illinois [Mr. MASON] tell us how brilliant he is with respect to tax matters. I wonder if the membership knows that the gentleman from Illinois [Mr. MASON], who just spoke, is not in agreement with his party on this bill. The gentleman



from Illinois [Mr. MASON] within the last 2 or 3 days said publicly, "I am in favor of a straight 20-percent across-the-board cut." I am sorry, with all the knowledge of tax matters, that he was not able to convince his Republican colleagues that they should bring out a 20-percent across-the-board reduction.

Mr. MORRIS. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. MORRIS. I have the highest regard and respect for the gentleman from Illinois who has just spoken, but it may be that on this particular subject his much learning hath almost made him a "Knutson."

Mr. EBERHARTER. I thank the gentleman for his contribution.

I want to further call attention to the fact that in Illinois they do not have any State income tax. So that all that experience which the gentleman had perhaps is responsible for Illinois having what is known as one of the most regressive tax systems in the country, because nearly all of their revenue is derived from excise taxes. So if the House wants to follow the gentleman from Illinois [Mr. MASON] in a 20-percent straight-across-the-board reduction and his method of raising revenue by excise taxes, then we will acknowledge his superiority over the gentleman from Michigan [Mr. DINGELL] whom he mentioned about seven times but to whom he refused to yield.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I shall be glad to yield.

Mr. DINGELL. The gentleman from Illinois [Mr. MASON] referred to me but would not permit me to answer. I may say to my friend from Illinois that the remarks to which he objected, and implied at least that they were not made on the floor, that they were definitely made on the floor; and the gentleman from Mississippi [Mr. ABERNETHY], by my side, tells me he heard me make them on the floor, and there are other Members on the floor today who heard me make those references. This much must be conceded, however, that under the rule I have the right to revise and extend my remarks and I could if I chose place an added thought or a graphic illustration in them.

Let me say just one other thing to my friend from Illinois: If he were called to Michigan to advise with the legislature in 1933 it was for the express purpose probably of trying to correct a tax situation that was a mess from the previous administration under Republican misrule.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I have only 15 minutes. If the gentleman from Minnesota [Mr. KNUSTON] will yield me an extra minute or two I will yield to the gentleman, but I cannot otherwise.

Mr. DINGELL. Mr. Chairman, will the gentleman yield for one question further?

Mr. EBERHARTER. I yield.

Mr. DINGELL. I am prompted at this moment by my distinguished colleague from Michigan [Mr. SADOWSKI] that it is presumed that the gentleman from

Illinois came to Michigan to advise us about the passage of a sales tax bill in Michigan.

Mr. SADOWSKI. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. SADOWSKI. I was a member of the Legislature of Michigan at that time. If I remember correctly, what the gentleman from Illinois proposed to us at that time was the infamous sales tax, unjust in its workings, which taxed the milk of the babies and the food of the underprivileged. The man making \$50 a month would have to pay a 3-percent tax on every bit of food he bought or every piece of clothing he wears. It is the most onerous, the most indecent thing ever put upon our State.

The Republican policy of high prices for consumers, high profits, and high tax reductions for the rich is already resented by the great masses of people, as recently demonstrated by the teachers' strike and the thousands of letters that I am now receiving. I think this foretells the end of Republican rule in Congress.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Michigan. His name has been mentioned so many times it is only fair to yield to him.

Mr. MASON. What I said was that I did not hear the statements made by the gentleman from Michigan [Mr. DINGELL]. I did not say they were not made on the floor.

Mr. DINGELL. That was the only inference I could draw.

Mr. MASON. Secondly, I was called to Michigan to do a definite job, to explain the sales tax which I had voted against in the Illinois State Senate; but I was called there to do a job and I did it.

Mr. CURTIS. Mr. Chairman, will the gentleman yield for one question?

Mr. EBERHARTER. I will yield for a question, but I cannot spend all my time yielding to others to carry on this dispute.

Mr. CURTIS. It appears that the minority is not going along with this bill, but I wonder who is on trial, the gentleman from Minnesota [Mr. KNUSTON] or the gentleman from Illinois [Mr. MASON].

Mr. EBERHARTER. I will let the committee decide that.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. Mr. Chairman, I decline to yield further.

There are just two points I want to make clear about this bill in the time at my disposal: First, H. R. 1 favors the rich against the poor; and, second, the few crumbs for the low-income taxpayer are tossed him in such a complex way as to seriously disrupt the simplified system of individual income-tax payment.

On the first point, it is crystal clear that H. R. 1 favors the rich against the poor. Even the Republicans do not deny that the amount of dollars added to the spendable income of upper-bracket taxpayers is vastly greater than the pittance added to the weekly salary of the taxpayers with net incomes under \$5,000. No; the Republicans do not deny that

the take-home pay of the \$300,000-a-year married man with no dependents would be increased by about \$47,000, or more than 70 percent, while the \$4,000-a-year man would be increased by \$118, or 3½ percent.

The Members of this House, Mr. Chairman, no doubt are interested in what this bill does for them. Well, a married person with a net income of \$12,500 before personal exemption would receive an additional \$609, or 6.5 percent in take-home pay.

I wonder, Mr. Chairman, whether the members of the majority, who seem to think the tax reduction joy ride such a fine campaign issue, have stopped to consider just how many people in their districts will receive this 70-percent increase in spendable income given to taxpayers above \$300,000. The figures of the Secretary of the Treasury show that only around 1,000 taxpayers in the entire country make this much money. It is my prediction that the Republican Party will rue the day when H. R. 1 was born. The 46,000,000 taxpayers with incomes under \$5,000, all of whom, even after the illusory 30-percent committee amendment, would receive less than a 4-percent increase in take-home pay, may well ask a few embarrassing questions. Nor may all the taxpayers be too pleased with the fact that Members of Congress receive a higher tax benefit than they.

No; the Republicans do not deny the disparities I have outlined. They seem proud of providing this vast windfall for the wealthiest taxpayers. Of course, they become a bit nervous when it is pointed out that the original 20 percent across-the-board plan would have increased the take-home pay of the highest brackets by nearly 100 percent. And what a shock it was to find that the original plan would have resulted in taxpayers with net income above a million dollars actually paying less taxes than before the war. This obviously was political dynamite—even to the Mellon-minded majority. You may have wondered, as I did, where the 10½-percent figure in the case of taxpayers over \$303,000 came from. Well, Mr. Chairman, chart 1 on page 35 of the minority views in the report on H. R. 1 shows that this 10½ percent is the highest figure that could be applied in the upper brackets, and still not restore them quite to the prewar level.

Yes; Mr. Chairman, this bill would enable the high-bracket taxpayers to forget that World War II ever occurred. The people who benefited most from the wartime levels of business activity and the highest profits in our history now are to have their share of the war debt transferred to the shoulders of the smaller taxpayers—the veterans' laborers, and other persons of modest income—who did the fighting and sacrificing to win the war.

Yet the Republicans have the crust, Mr. Chairman, to attempt to justify this preposterous scheme. They say that the special consideration for the wealthy is necessary to stimulate venture capital and managerial incentives. On page 10 of their report it is stated:

New investments are believed to come primarily from incomes of more than \$10,000 to

\$15,000. Those with smaller incomes can save little, and what they do save is likely to be invested in old, well-established business. Such persons have neither the information nor the time to examine the possibilities of making investments in new ventures, and cannot afford to assume the risks involved.

What a contradiction is this concern for the well-to-do and the wealthy with the tears shed by the Republicans for the low-income groups in the views of the Republican minority on the tax adjustment bill of 1945. In these words 9 of the present 15 Members of the majority on the Ways and Means Committee wept for the small taxpayer:

In these low-income groups will be found the millions of so-called white-collared employees—school teachers, clergymen, shopkeepers, salespeople, bookkeepers, barbers, clerks, and professional or semiprofessional workers, not to mention small-farm operators, mechanics, janitors, caretakers, skilled and unskilled laborers, many of whom are self-employed individuals. Most of these individuals are not organized and none of them has experienced any measurable wartime prosperity. The purchasing power of their dollar, moreover, has shrunk by more than 40 percent below 1939 levels. With the heavy rates of taxation now in effect, and with living costs constantly increasing, these groups have either been reduced to a substandard of living, or are rapidly approaching that level. The successful solution of our entire reconversion problem will very largely depend upon the resources of this particular segment of the taxpaying public. Within this group we find the bulk of the American market for the products of agriculture and industry, not to mention the sources of capital used in the production of agricultural and manufactured goods and maintenance of essential services. If tax demands continue for too long to empty the pockets of these citizens, the results can be serious on a broad scale.

Do you wonder, Mr. Chairman, that we Democrats now suspect these tears of 1945 to be more of crocodile than human origin?

In a final desperate effort to absolve themselves from guilt, the Republican sponsors have pointed an accusing finger across the aisle. They say, "The 1945 Revenue Act made a flat percentage cut in individual income tax."

But, Mr. Chairman, this is but a half or third of the story. While the 1945 act provided a 5-percent decrease, this was only one of three major changes affecting individual income liability. In addition to the 5-percent cut, the 1945 act provided for an increase in exemptions by raising the flat \$500 normal tax exemption for the taxpayer to the surtax level of \$500 for the taxpayer, \$500 for his spouse, and \$500 for each dependent. It also reduced surtax rates by three percentage points throughout the scale. The increase in exemptions and three-point decrease in surtax rates recognized the principle of progressive taxation in accordance with ability to pay. In contrast with the reductions proposed under H. R. 1 which range from 30 percent at the bottom of the income scale to 10 percent at the top, the tax cuts under the 1945 act ranged from 100 percent for some 12,000,000 low-income taxpayers to less than 7 percent for the highest incomes.

No; the unsullied record of the Democratic Party cannot be used to hide the sticky fingers of the majority advocates of H. R. 1. If ever a tax measure provided, in the words of the late President Roosevelt, "relief not for the needy but for the greedy," H. R. 1 does.

My second point, Mr. Chairman, is the mockery H. R. 1 makes of our efforts to simplify the tax laws. Enactment of H. R. 1 would be a set-back to the program of tax simplification which has advanced so far in recent years. It would complicate the rate structure, the tax-return form, and the withholding system. The "notch" provision would be confusing. Employers using the percentage method of withholding would be required to compute the amounts to be withheld on the basis of four rates rather than the two provided under present law. The retroactive tax reduction and the split first bracket under H. R. 1 would greatly increase the number of refunds. The split first-surtax bracket would increase the number of separate returns of husbands and wives and thus greatly increase the work load of the Bureau of Internal Revenue.

The gentleman from Arkansas [Mr. MILLS] yesterday explained in some detail how H. R. 1 complicates the tax forms and creates problems of education and compliance in case of taxpayers with small incomes. Though his remarks might well bear repetition, I merely direct your attention to them on page 2667 of yesterday's RECORD. Other administrative problems include the following:

First, H. R. 1 would aggravate the inequities resulting from application of the State community property laws.

You are familiar with the unequal tax treatment that now exists as between taxpayers in community property States and taxpayers in other States. H. R. 1 would serve to expand greatly the area within which such inequities would arise. It appears that in community property States the number of couples with surtax net incomes between \$1,000 and \$2,000 is about the same as the number with surtax net incomes above the \$2,000 level. This means that the number of couples accorded preferential tax treatment simply by virtue of their residence in community property States will be about doubled. And for the first time low income taxpayers in noncommunity property States in the bracket under \$2,000 would be discriminated against.

Second, A new choice problem will be presented for the first time to millions of taxpayers.

Under H. R. 1, every husband and wife who have separate incomes, that together represent over \$1,000 of surtax net income—that is, gross income minus deductions and exemptions—are faced with the choice between filing separate returns or a single joint return. This question cannot be answered merely by reference to the total amount of net income nor by any other equally simple method. For example, consider two married couples, each having one child, and each having aggregate net incomes of \$3,000. Suppose that in one instance the husband has \$2,200 income and the wife has \$800 income. If they file a joint return the total

tax liability is \$228, whereas if they file separate returns their aggregate tax is \$212.90, or a saving of \$15.10 with separate returns. In contrast, assume that the husband of the second couple has an income of \$2,700 and the wife \$300. The tax advantage here would be with the joint return—\$228 as compared with a tax of \$258.40 on a separate return basis. The problem would be still more complex if we were to consider the matter of allocating deduction items under separate returns; so complex, in fact, that I shall not undertake to lead you through any illustrative examples.

The point to be stressed is that under present law this sort of complication need not be faced by married couples with one child with aggregate net incomes of less than \$3,500. Under H. R. 1, however, millions of married couples would have to start to worry about the type of tax return whether separate or joint that they should file in order to minimize their tax liability.

In other words, the married couple with small income would have to compute the tax liability under both methods before they could actually know which method is more advantageous.

H. R. 1 allows a taxpayer an additional \$500 exemption for himself if he is over 65 years of age. In the case of a joint return, an additional \$500 exemption is allowed with respect to each spouse provided such spouse is over 65 and has a taxable gross income of \$500 or more. If the taxable gross income of either spouse is less than \$500, no exemption is allowed. This provision would operate somewhat as follows:

Take the case of Mr. and Mrs. Jones, each over 65. Mr. Jones has a net income of \$1,500 and his wife has a net income of \$500. They file a joint return claiming two special exemptions, and under H. R. 1 incur no tax liability.

In contrast, take the case of Mr. and Mrs. Smith, each also over 65. Mr. Smith, like Mr. Jones, has a net income of \$1,500, but Mrs. Smith has a net income of only \$499 or \$1 less than Mrs. Jones. Mr. and Mrs. Smith file a joint return claiming only one special exemption and incur a tax liability of \$66.37. In both the above cases, the wives were assumed to have no deductions.

Thus, H. R. 1 creates a most unusual situation whereby an additional dollar of income serves, not to increase the tax, but to reduce it by \$66.37. The Bureau of Internal Revenue is constantly faced with taxpayers who understate their incomes to reduce their taxes. Surely, though, this will be the first time that the Bureau will have to concern itself with taxpayers who may find it decidedly advantageous to overstate their income.

As a condition to the allowance of the additional exemption to persons over 65 years of age, certain benefits which are not at present treated as income are required to be included in gross income for tax purposes by H. R. 1. The complicated rules dealing with these benefits defy explanation.

Let me read a portion of H. R. 1, beginning with line 2, page 19:

This subsection shall not apply—

(1) to amounts excluded from gross income under section 22 (b) (5); except that



this subsection shall apply to amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, unless such amounts are also excluded from gross income by a provision of law other than section 22 (b) (5).

I do not know just how the folks in the Bureau of Internal Revenue can explain this to the taxpayers, even though they are supposed to be pretty good at that sort of thing. Frankly though, I do not understand it myself and I challenge any Member here to take the floor and explain this passage to the House.

In conclusion, equity and simplicity are priority requirements for the successful administration of the individual income tax. H. R. 1 is written without regard for these considerations. It should, therefore, not pass. When the workingmen back home see just what the Knutson 20-percent across-the-board tax plan does for him and what it does for the rich man up the street, and how it complicates the job of making out his income tax return, he is going to have the gentleman from Minnesota [Mr. KNUTSON] and the Members who vote for this bill "across the barrel."

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, the gentleman seems to change his position. He was shedding tears, it seems, in the Seventy-ninth Congress, because he introduced H. R. 5293, a graduated-tax bill in which the highest tax to be paid by either a corporation or an individual was 50 percent. He seems to have changed his tune. He was then interested, of course, in his distinguished visitor from Pittsburgh. Then he was weeping tears. He was then ready to release venture capital.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Is the House to understand that the gentleman who has just taken his seat [Mr. EBERHARTER] introduced a bill in the Seventy-ninth Congress that would have given a 50-percent tax reduction to those individuals and corporations in the highest brackets?

Mr. REED of New York. That is right.

Mr. KNUTSON. Where were his tear ducts then?

Mr. REED of New York. Now he comes here to indict us.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. The gentleman did not yield to me when I asked him, and I am not yielding now. I just want to say that the gentleman is giving a perfect demonstration of the fact that the human mind has infinite resources for resisting the introduction of knowledge.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan.

Mr. ENGEL of Michigan. Mr. Chairman, before I discuss the merits of the bill I want to make a few observations.

I was rather amused when I read the CONGRESSIONAL RECORD this morning to see the reference my friend, the gentleman from Minnesota, made to the tax firm or the tax experts, DINGELL, ENGEL, and GORE. Mr. Chairman, if it is a question of taking the expert opinion—and I am no tax expert and have never held myself out as such—of a tax firm called DINGELL, ENGEL, and GORE, or a tax firm known as Dr. Townsend and KNUTSON, I will take the former every time.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. ENGEL of Michigan. I yield.

Mr. KNUTSON. Of course, the gentleman missed the point. When I referred to the gentleman as a tax expert, it was irony.

Mr. ENGEL of Michigan. Oh, it was; was it? I am very glad the gentleman informed me it was irony.

By the way, the gentleman from Minnesota is a poet. He is a distinguished poet. I picked out of the CONGRESSIONAL RECORD a gem that should not be lost to future historians when they write up the debate on this particular bill. When the other tax bill came up in 1945, to be exact, on October 30, in twitting the chairman of the Ways and Means Committee [Mr. DOUGHTON], the gentleman from Minnesota [Mr. KNUTSON] quoted the following little poem, which I assume was original:

How sweet it is to hear the faithful watchdog bay

As we draw nigh to election day.

On August 2, before the Republican election in 1946, the gentleman from Missouri [Mr. CANNON] my distinguished former chairman of the Committee on Appropriations, engaged in the following colloquy with the gentleman from Minnesota:

Mr. CANNON of Missouri. The gentleman from Minnesota [Mr. KNUTSON] is going to cut taxes 50 percent? How?

Mr. KNUTSON. Of course, when I made that statement I was going on the assumption that Republicans were going to control the House and cut all the waste.

Did I hear a watchdog bay, or was it just a little rat terrier yipping?

Then, according to the RECORD here, yesterday he pointed with a great deal of pride to the fact that nearly 1,400,000 senior citizens of the age of 65 and over are being removed from the tax rolls.

Mr. Chairman, this ought to be known not as the Knutson bill, not as H. R. 1, but it ought to go down in history as the Dr. Townsend-Knutson bill.

Mr. Chairman, the House has before it H. R. 1, a bill to reduce income taxes by approximately \$3,800,000,000 a year. This bill was made retroactive to January 1, 1947. Here is the picture as I see it:

First, H. R. 1 reduces income-tax revenue for the fiscal year ending June 30, 1948, by \$3,800,000,000.

Second, in addition to the above amount, the bill, being made retroactive, makes subject to refund \$1,900,000,000 or such other sum as will have been collected during the last half of the fiscal year ending June 30, 1947, and for the period of January 1, 1947, to June 30, 1947.

Third. The taxpayers will make their tax return for the calendar year ending December 31, 1947, on March 15, 1948, claiming \$1,900,000,000 refund.

Fourth. The Republican Congress will have to pass an appropriation bill refunding this additional \$1,900,000,000 in taxes collected during the previous fiscal year, together with the cost of reprocessing every income-tax return that is made on March 15, 1947. Net result: The Democrats gain the \$1,900,000,000 in taxes they have collected for the last half of the fiscal year ending June 30, 1947, to balance the budget with, and the Republican Congress will have to somehow make up this \$5,700,000,000 more, including the \$1,900,000,000 refunded, to balance the 1948 budget.

It is my candid opinion that the Democrats will balance the 1947 budget and there is a great possibility of the Republicans having unbalanced the 1948 budget. The task has been made a great deal more difficult by the policy of our Government supported by many able Republicans in pouring billions of dollars into foreign governments. The following are a few of the requests for the two fiscal years, 1947 and 1948: \$1,450,000,000 for relief of occupied areas—these appropriations are supported by former President Hoover, Senator ARTHUR H. VANDENBERG, chairman of the Senate Foreign Affairs Committee, and Mr. EATON, chairman of the House Foreign Affairs Committee; \$400,000,000 for loan and aid to Greece and Turkey; \$350,000,000 to feed people in liberated countries, to mention only a few of these bills. There has also been approved by our committee an additional \$489,000,000 for the Army to make up a deficiency caused by the passage of the Army-Navy Pay Act and by reason of the fact that the Army carried over more men than they told us they would have when the 1947 budget was made up. Here we have approximately \$2,700,000,000 extra appropriations to mention only a few, which must be raised by taxes. If you are bound to pass this tax bill at least do not make it retroactive to January 1947. Start its operation not earlier than with the beginning of the fiscal year 1948, which begins July 1, 1947.

Let me state my position on this tax bill clearly. First, and above all, we have to balance the budget. We cannot continue to borrow; we cannot continue to go in debt for operating expenses of this Government. When I say balance the budget, I want it distinctly understood that I want included in that budget not only the interest on the national debt but inclusion in each annual budget of an amount which will liquidate that debt upon a sound plan of amortization. If there is anything left after we have balanced the budget, including an amount for amortizing debt, the great masses of people in the low-income group who require that money to live should be given the maximum benefit of that reduction.

1945 TAX BILL GAVE CORPORATIONS \$3,136,000,000 TAX RELIEF

In 1945 Congress passed the first post-war tax reduction bill. This bill gave the biggest tax reduction to those who made the biggest profits out of the war.

It gave \$3,136,000,000 in tax reduction to corporations—\$2,550,000,000 of this tax reduction went to 19,100 corporations, 900 of whom benefited to the tune of \$1,797,000,000 in excess war profits alone. All this, while individual taxpayers received a reduction of \$2,641,000,000. The bait which induced some of us to vote for this bill was that we were told it took 12,000,000 of low-income individuals off the tax rolls.

Now we have before us another tax bill which gives the largest individual benefits to individuals with the highest incomes. This time it is a Republican bill and a part of the Republican political bait that is supposed to satisfy us and induce us to forget our scruples in that it will get the Townsend vote by giving people 65 years of age and over an additional \$500 tax exemption. I have no objection to this exemption. I know these people need it. However, I also know there are millions of others in the low-income group who are equally worthy of consideration.

**A 20-30 PERCENT TAX REDUCTION IS NOT FAIR TO THE LOW-INCOME GROUP**

The Republican party has had a splendid tax record in the past insofar as the low-income group of our Nation is concerned, as pointed out in my remarks on the floor of the House on January 27.

**REPUBLICAN POLICY HAS ALWAYS BEEN TO GIVE TAX RELIEF TO LOW-INCOME GROUP FIRST**

A Republican Congress passed five tax-reduction bills from 1921 to 1930. In four of these bills the low-income group was given special consideration. Tax exemptions were increased during that period from \$1,000 to \$1,500 for a single person and by several steps from \$2,000 to \$3,500 for a married person. The tax rate on incomes under \$4,000 was reduced from 6 to 4 percent to 2 to 1½ percent and finally one-half of 1 percent, successively, all by a Republican Congress during that 10-year period. At the same time taxes were reduced on a sliding scale on the higher income group. The higher the income the less the tax reduction.

The same attempt to reduce taxes for the few in the high-income group at the expense of the many in the low-income group I am informed was made then as now. The attempt was defeated by this House then and I hope it will be defeated now. It was because I wanted the Republican Party to continue that policy that I introduced a bill last year and again this year to increase tax exemptions on the low-income group. During the period from 1921 to 1940 the need for revenue was not as great as it is now. On the other hand living costs had not advanced to the high level that they have advanced since 1939 and the need for tax relief to the low-income group to maintain a decent standard of living was not nearly so great as it is now.

**THE LOW-INCOME GROUP MUST HAVE TAX REDUCTION**

The need of the low-income group for a tax reduction can best be measured by the increased cost of living since 1939. According to a recent issue of the United States News it took \$1.56 in February 1947 to buy in living cost what \$1 bought in 1939. On a living-cost basis therefore,

\$320 bought in 1939 what \$500, which is an individual tax exemption, buys today and \$640 bought in 1939 what \$1,000 buys today, which is the exemption of a husband and wife. In 1939 that husband and wife had a \$2,500 exemption. That is what your tax law and your cost-of-living increase have done to your low-income taxpayer.

**HOW MANY PEOPLE CONSTITUTE THE LOW-INCOME GROUP?**

Let us examine the record and see just how many people we have in this low-income group I am speaking about. Let us use \$2,500 as the top figure for the sake of illustration. I addressed the House on this subject in 1945 and again in 1946. I had obtained from the Treasury Department tables showing the income of the various groups in 1944, one of our largest national income years. I found that in 1944 there were:

First. Twenty-one million six hundred thousand individuals with annual incomes of \$1,000 or less, 12,250,000 of whom were single persons and 9,010,000 were heads of families.

Second. There were 12,430,000 individuals, 7,450,000 of whom were married or heads of families with incomes from \$1,000 to \$1,500.

Third. There were 11,990,000 individuals with incomes of from \$1,500 to \$2,000, 9,580,000 of whom were married persons or heads of families.

Fourth. There were still another 7,550,000 with incomes of \$2,000 to \$2,500, 6,590,000 of whom were married persons or heads of families.

This was according to the Treasury report furnished me taken from the income tax records. Summarizing we find we had, in 1944, 53,230,000 individuals with incomes of \$2,500 or under. If we assume that each head of a family in this group had at least one dependent, we find that we have 85,860,000 people in this country or 61 percent of the population who were dependent on individual or family incomes of \$2,500 a year or under in 1944.

I introduced my bill because I wanted the Republican party to have the credit for being the first to recognize that need. I stated repeatedly both on and off the floor of the House that I wanted the low-income group to get tax relief first in order to increase both their living standard and their purchasing power. They have to have tax relief to live decently. I do not want them to have tax relief to the exclusion of everyone else.

**KNUTSON BILL GIVES GREATEST TAX RELIEF TO MAN WHO MADE GREATEST WAR PROFIT**

The Knutson bill gives a man who made the biggest profits during the war the biggest tax relief, while the individual who had little or no increase in income, such as teachers and other white-collared groups, is now asked to continue to accept increasingly low-living standards because of such increased costs. Giving a 10 percent added reduction to the extremely low-income group is no fair solution of their problem. The added reduction for them is so small as to be of little importance. I recognize the fact that with the tremendous tax load we have to bear we must tax the broad base or the great mass of people who have the largest

aggregate though the smallest individual income. In trying to prevent waste of the taxpayers' dollar in the past, I repeatedly called attention to the fact that the tax burden of the future, made necessary to repay these wasted dollars, would fall heaviest on that great mass of small taxpayers in the Nation. I did not expect, however, that the Republican Party would advocate a policy which would give the greatest tax relief to the higher income group including those who made the largest profit out of the war who would now under this policy receive the largest tax relief.

**HOW DOES REDUCTION OF TAXES AFFECT THE TOTAL TAX COLLECTION AND WHY?**

There are many people in both the Republican and Democratic Parties, in fact I believe they constitute a majority of those parties, who believe that if you will only give tax relief to the man on top the benefits will trickle or percolate down to the little fellow below. This argument has been and will be again advanced in trying to justify the passage of this bill. It is based upon the theory that by creating new investment capital the workers will obtain jobs. I cannot agree fully with this theory of government. I agree that under a capitalistic form of government or under a profit system we must permit the retention of enough profit so that industry can expand. However, all the capital in the world will not create jobs except insofar as it creates purchasing power in the erection of new factories, and so forth.

The depression of 1929 to 1940 should satisfy the most skeptical that those benefits do not adequately trickle or percolate down to the little fellow below. My theory is that in order to have permanent prosperity one has to begin by increasing the purchasing power of that great mass of people—86,000,000—in the low-income group. It is only by increasing the purchasing power and raising the standard of living of this great mass of the people that we can have real and permanent prosperity. By increasing mass purchasing power I do not mean taking the tax dollar from one taxpayer and giving it to another. I mean increasing the farmer's and worker's productive capacity and giving them a greater share of the selling price of the thing they produce on the farm, in the factory, mine, or whatever it may be. If you will do this the man above is bound to obtain his share of the profit.

Let me illustrate what I mean. If the wife of a low-income worker from whom we are taking 10 cents a week in pay-roll tax should take the 10 cents a week and buy a spool of thread from the corner drygoods store to patch her husband's pants, everyone from that corner store up through to the manufacturer of the thread and back to the farmer who grew the cotton that went into the thread would get a part of the 10 cents. If that \$2,500-a-year worker could take a part of the \$187 you were going to tax him under the original Knutson bill to buy a suit of clothes for himself or a dress for his wife, everyone from the store which sold him the suit or dress through to the manufacturer and back down to the farmer who grew the cotton or wool that went into the suit or dress is bound



to benefit. But if that worker is not left enough to buy a suit or dress, everyone from the store where he would buy the suit or dress, or whatever it may be, up to the textile mill and manufacturer who would make that dress and suit of clothes and back down to the farmer who raises the cotton or wool will be the loser.

It was for this reason and not because the tax relief was given to the higher bracket taxpayer that the revenue in the Treasury for a time increased in the past, despite the reduction made in income tax rates. I recognize the fact and I have said so repeatedly that we have passed that critical point in the rate of taxation, where the law of diminishing returns is now operating. Under a capitalistic or profit system you must leave enough profit to the businessman so he can have capital to expand his plant to take care of increased business. On the other hand no business can expand and no profit system can survive without profits and there is no profit on a pair of overalls, a suit, or dress that the low-income group does not buy. Mr. Henry Ford, Sr., undoubtedly had this very policy in mind when for the first time he established what was then considered extremely high a \$5-a-day minimum wage in his factory.

Let me repeat that a sound peacetime prosperity can only be built upon that basis. It is only by building up the income and productive capacity of the low-income group that you can have a national income large enough to pay our minimum current operating expenses, pay our national debt and not have further inflation.

#### THE HOUSEHOLDER CLAUSE MUST BE RESTORED

Only by restoring the householder clause and increasing exemptions can we give real low-income group tax relief. By doing that we need not increase the exemptions of the dependents. As the law now stands every member of the family receives the same exemption of \$500. A widow whose husband died and who has the care of the dependent children loses her husband's \$500 exemption despite the fact that she has to maintain the same household and at the same time support the fatherless children. The same is true if the mother dies and leaves the responsibility of supporting the children to the father. The householder clause recognized the fact that the exemption should be maintained for both father and mother after one dies because the same household must be maintained. After the household is maintained the added expense for rent, heat, and so forth, for each successive child is not increased on a numerical basis. I would restore the householder clause and give the householder an added exemption. This would of course reduce the amount required because the exemption of the children would not be increased. This principle was recognized until recently. I want to go back to it.

Today that householder has only \$1,000 exemption for the father and mother, or the equivalent of \$640 in 1939 purchasing power. It is not enough under present conditions. If the amount available for tax reduction is not enough to increase the householder exemption

from \$1,000 to \$2,000 let us increase it to \$1,500 or even to \$1,250 and leave the dependent's exemption where it is at \$500. Surely no one can argue that taking taxes out of incomes above \$1,000 a year on a household is not taking the necessities of life where that income is below \$2,000 or \$2,500 a year. Again if we cannot give everyone that increase, limit it to families where the aggregate income of the husband and wife is \$5,000 or under as we did in 1921. If that takes too much tax money, limit its application to cases where the aggregate income of the husband and wife is under \$4,000, under \$3,000, or even under \$2,000. Surely that sort of a plan can be arranged without taking too much tax revenue. All I want is to give that low-income group a break.

I do not want to give him, the low-income group, that break to the exclusion of everyone else. I want to divide the amount available for tax reduction in the same way as we divided it in the 1921-30 period. First, give the low-income group an added exemption however small. Second, divide the balance in such a way so that every taxpayer gets the same reduction on a sliding scale just as we did during the previous Republican administration.

I do not want to go into the next election, and I do not believe the Republican Party does, and tell that husband and wife with a \$1,200 income to maintain a household and from whom we are taking \$38 a year living money that we are now going to give them \$8, \$9, or \$10 a year relief and continue to take \$30, \$29, or \$28 a year of their living money, and then give the man with an annual income of \$6,000,000, \$540,000 a year in tax relief.

I do not want to say to that single person who has room rent, clothes, food, and so forth, to buy on an income of \$600 a year and from whom we are taking \$19 a year in living money: "We are giving you tax relief, we are only going to take \$15 out of your living and give you \$4 a year tax relief," and then give the man with \$1,000,000 a year income \$110,000 a year in tax relief.

That is sure to be the issue upon which the next Congress is going to be elected if we pass this bill. Does anyone honestly believe that we can go into that next election and convince these people that we had their interest at heart and are entitled to their support if you vote for and pass this bill?

If we, the Republican Party, lose this House and the Presidential election in 1948, it will be because of the shortsightedness of our leaders and not because of a few of us who have tried to avoid having our party placed in such a vulnerable political position. I want to go to these people and say, "Here is what we were able to do for you. We tried to help you. It was not all we would like to have done, but the terrible financial condition of this country, the tremendous public debt, much of which was caused by waste and extravagance, makes it impossible for us to give you all the relief we would like to have given you. Go along with us and next year when we get some of these financial liabilities out of the way we will try to give you further re-

lief." I honestly believe that the average man will go along with us despite the fact that we have not given him the tax relief he needs to live. He will not go along with us if we permit the high-income group with incomes running into the millions to feast luxuriously like Dives at the table of tax relief while we expect this low-income group whose very living we are taking in taxes to be satisfied like Lazarus with a few crumbs of tax relief that may accidentally fall from the table of Dives.

#### WHAT REPUBLICAN TAX PROMISES WERE MADE AND TO WHOM WERE THEY MADE?

Much has been said about promises made by the Republican Party during the campaign that we would reduce taxes 20 percent straight across the board. I heard no promises of that kind made by responsible Republican leaders during the campaign. I heard some rash statements made as to tax cuts, such as were made by the present chairman of the Ways and Means Committee on the floor of this House on August 2, 1946, when the following colloquy took place:

Mr. CANNON. The gentleman from Minnesota [Mr. KNUITSON] is going to cut taxes 50 percent. How?

Mr. KNUITSON. Of course when I made that statement I was going on the assumption that the Republicans were going to control the next Congress and that they would cut out all waste.

That statement was of course ridiculous and bound no one. The only promise to cut taxes straight across the board which I heard at that time was made by the chairman of the Ways and Means Committee and he was not talking for me nor for the Republican Party so far as I am concerned, when he added the words "straight across the board."

Again the same gentleman in a letter inserted into the RECORD on July 22, 1946, promised a Mr. Scott, of a large Minneapolis firm, a 20-percent straight tax reduction after speaking of cutting taxes 50 percent.

Again on October 30, 1945, when the tax bill was up—which reduced taxes \$5,900,000,000 in largest part on corporations—and in ribbing the then chairman of the Ways and Means Committee, the gentleman from Minnesota waxed very poetic when he quoted from some unknown poem:

How sweet it is to hear the faithful watchdog bay  
As we draw nigh to election day.

Speaking of election-day promises, I heard some watchdog baying about a 20-percent straight-across-the-board tax reduction before election day. I hear them baying again today in the attempt to get the Townsend vote. But I wonder just to whom the Republican Party made a promise to cut taxes 20 to 30 percent straight across the board? Let me ask the Members of this House: Did you make that promise to cut taxes 20 to 30 percent straight across the board? If so, to whom? Did you tell the low-income farmers of your district, if you have any, that you were going to give the man with an income of \$1,000,000 a year \$110,000 tax reduction and the married man with \$1,200 a year \$8 or \$9 a year reduction? Did you tell the work-

ers, organized and unorganized, in your district that you were going to give the men with \$6,000,000 annual income \$540,000 a year tax reduction, and the millions of people, including workers with annual incomes under \$2,500 a year an average of \$26.50 or perhaps \$35 a year tax reduction? Did you address any large meeting of the low-income group of voters and tell them just what you were going to do to them in this amended 20-percent across-the-board tax reduction? Did you get any applause when you told them, if you did? Just to whom did you make the promise? Was it to those in the low-income group, including farmers and workers, or was it to the wealthier persons who were best able to kick into the political campaign fund? Was it to the workers in United States Steel, Weirton Steel, or other steel corporation? Or was it to the financiers behind those steel companies to whom this promise was made? I heard nothing from responsible parties about a 20- to 30-percent straight-across-the-board tax reduction during the campaign.

I was told recently by the president of one of the financial institutions and by one of the wealthiest oil operators in the State of Michigan, who reside in my district, just what they are going to do to me in 1948 and 1950 if I did not change my opinion on the question now before the House. I did have a vice president of one of the largest steel corporations, who is a friend of mine, call me and try to convince me that I should withdraw my opposition to H. R. 1. I did have the Republican national committeeman of my State phone me and ask me to change my mind. To save him embarrassment, I shall not give the reasons he gave as to why I should change my mind. In fact I received many long distance calls and letters from the higher-income group disagreeing with me, and some of them violently and I answered them frankly. I, together with other Members of Congress, have accepted campaign expense money from my party. I always felt there were no strings attached to party contributions. I have always rejected contributions from both labor and industry because of possible obligations such contributions might put me under. It is the first time I have ever been criticized for my position by a member of our National Republican organization.

This Michigan Republican national committeeman wrote to other Republican Members of Congress from Michigan giving his views on this 20-percent tax reduction. In that letter he wrote, in part, as follows:

It is most distressing to have the proposed 20-percent across-the-board tax cut questioned so critically by some of our Members of Congress. From their reported remarks, it would seem that they are a bit confused as to which party elected them.

It was evident to whom he was referring when apparently I was the only Republican Member from Michigan who did not get a copy of this letter. This was the same gentleman who called me on the telephone and asked me to withdraw my opposition to H. R. 1. Apparently this gentleman made some prom-

ises I never heard about to someone on this 20-percent across-the-board tax cut. May I inform the gentleman that out of the hundreds of letters I received on my stand, 95 percent approved my position and less than 5 percent disapproved. It seems to me that he is a bit confused in thinking that the 5 percent who make the larger campaign contributions elected a Republican Congress instead of the 95 percent of the voters, Republican and Democratic, who actually cast their ballots on election day.

He is the one who is in a fog. Unless that fog is cleared from the brain of some of our Republican leaders, they will find themselves once more a minority party when the next election rolls around.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. ENGEL of Michigan. I yield.

Mr. HOLMES. Are you taking into consideration any changes in amended income-tax returns in relation to your figures?

Mr. ENGEL of Michigan. The payroll tax will be in. Your first-quarter estimates are in. Everybody paid into the Federal Treasury our estimated returns for the year.

Mr. HOLMES. Do you take into consideration the changes in amended income-tax returns?

Mr. ENGEL of Michigan. Regardless as to whether the 1947 tax return is reduced by amendment or the tax paid is refunded, the result is the same. It comes out of the tax receipts collected on March 15, 1948, when the final 1947 returns are made.

Mr. HOLMES. Will the gentleman let me finish?

Mr. ENGEL of Michigan. I beg your pardon. I have the floor.

Mr. HALLECK. You yielded to him. Why do you not let him say what he wants to say?

Mr. ENGEL of Michigan. Well, now, you are not running this. I am running this end. You can run your crowd but you cannot run me.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. ENGEL of Michigan. I yield to the gentleman from Ohio.

Mr. BENDER. Is not that 20 cents important to the little fellow? In my own State, a Democratic governor put over a sales tax and after we had been on this drunken spree for 14 years, does not the gentleman think it is about time we do a little something for the taxpayers?

Mr. ENGEL of Michigan. Sure it is important. It is the price of only a quart of milk. I want that low-income taxpayer to have more.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Chairman, I want to thank the distinguished chairman of the Committee on Ways and Means for giving me this brief opportunity to participate in what I think is an historic debate. I do not believe we can exaggerate the importance of the bill that is before this House and the action the House is going to take on it.

I heard with interest the remarks of the gentleman from Michigan. I do not think any of us on our side of the aisle are going to be very much concerned about what our voters will do to us when we pass this bill. I heard his heart bleed for the little fellow. I do not think anyone of us yields to him in our desire to take 20,000,000 people off the tax rolls, and in our desire to spare 20,000,000 people a \$6,000,000,000 tax load. But my friend from Michigan forgets, and his colleagues in the firm of DINGELL, ENGLE, and GORE, forget that Republicans did not put these people on the tax rolls. We would like to get them off. We have the deepest sympathy, all of us, with everyone who pays taxes, and particularly with those at the lower end of the tax scale, on whom the burden of rising costs of living falls so heavily.

Why are they on the tax rolls? Why must they stay on the tax rolls? Ask the gentlemen who for 14 long years supported the wild extravagances of the New Deal and supported the new schemes of government activity that cost money. Those things now are coming home to roost. Those things will have to be paid for and paid for by every citizen in the United States. On top of that, there was a great war with a cost beyond all imagination, with a national debt and an annual cost burden that can not possibly be met unless everybody stays on the tax rolls. Gentlemen, we did not put them there. They were put there by the Democratic Party, the Democratic Administration, and the war.

The most important issue, the one issue that we confront here today, is the issue of whether or not we are going to adopt a tax bill and a policy of taxation in the true American tradition of fairness, justice, and equality all along the line, for all citizens, or whether we are going to adopt the line of tax policy advocated by the gentleman from Michigan and the two Democratic members of that firm and their colleagues, the liquidation of incentive tax policy—the destruction of incentive tax policy—the marxist, collectivist policy—a policy that more than anything else will tend to destroy freedom in the United States, undermine the economic strength of the United States, and will do more than anything else to deter the processes of economic expansion out of which alone the national debt will ever be paid.

Our friends on the other side speak sanctimoniously of paying off the national debt: "Oh, no, not taxes—let us not reduce taxes. Let us pay off the national debt." That is the trap that they would like to lay for us. They know that we Republicans are cast in the role of Simon Legree and Scrooge because we are cast in the role of budget-cutters and are obligated to effect economies in the national budget. Surely they are not naive enough to think you can effect economy in the national budget without stirring up widespread resentment and having to face the squawks of all those individuals and their families and of the different groups who may feel aggrieved. They know that the national debt has no Edgar Bergen to give it a seductive voice.



So what would they have us do? They would have us bear the burden of effecting economy with all the attendant pain, annoyance and trouble, and political risk, and they would come in next year and give to the American people the benefit of our work and sweat in the form of a tax reduction. Of course, they are against tax reduction, and any bill that the Republican majority might bring in.

Our Democratic friends have long had among their leaders advocates of sound American tax policy. Going back to the father of the Democratic Party, Tom Jefferson, it was he who declared that the first principle of association was the guarantee to everyone of the free exercise of his industry and of the fruits acquired thereby. You do not get that under the present tax structure, and would get it a great deal less under the program of the Democratic Party in the House.

Franklin D. Roosevelt made a great speech that has so often been quoted, that taxes are paid in the sweat of every man's brow who labors, and that excessive taxation leads to unemployment and misery.

But I do not stop there. There are living Democratic leaders who have taken a sound position and not hesitated to state it—a position in the tradition of Jefferson and the other great leaders of the old democracy. One of those leaders sits on the floor of this House today. Here is what he said in 1939, and as far as I am concerned, I shall be glad to have him join the firm of **KNUTSON** and **Townsend**. Listen to him:

One of the deterrents, probably the greatest, to business expansion is the high surtax brackets of the Federal Government. At present our normal rate is 4 percent—

That was back in the antediluvian days of 1939—

but our surtax rates run to as high as 75 percent—

I think they are 86 percent now—

in some cases, and this does not include State income taxes. You can see from this statement—

Says the gentleman—

that a deterrent exists to business expansion by new or venturesome capital.

One would suppose that was our own chairman [**Mr. KNUTSON**] speaking, but it is not.

The best interests of the man and woman who is looking for a job call for a sharp reduction of the present surtax rates. This and any other deterrents to business activity should be removed as soon as possible.

**Mr. Chairman**, those are remarks made in a radio address on September 13, 1939, by the then majority leader of this House, now the minority whip, the gentleman from Massachusetts, **Hon. JOHN W. McCORMACK**.

**Mr. Chairman**, the responsibility of this House is great. The eyes of our countrymen are upon us, from Maine to California, anxious eyes, wondering if we are going to stand up for true, sound, traditional American policies; stand up for equality of opportunity, for the principle of keeping the doors open to the talent, the door open to opportunity for

all men of imagination, initiative, and good-will. The country owes a very real debt to the courageous chairman of the Ways and Means Committee and a majority of its members for squarely meeting the challenge.

The **CHAIRMAN**. The time of the gentleman from New York [**Mr. COUDERT**] has expired.

**Mr. KNUTSON**. **Mr. Chairman**, I yield 2 minutes to the gentleman from New York [**Mr. KEATING**].

**Mr. KEATING**. **Mr. Chairman**, I propose to support this bill, and I speak, as did the gentleman from Michigan [**Mr. ENGEL**], as the author of a different tax bill from the one in question. My tax bill, H. R. 2492, called for a graduated percentage method of tax reduction, all the way from 35 percent in the lowest brackets to 7½ percent at the top.

But I cannot go along with the gentleman from Michigan [**Mr. ENGEL**] in two respects. The first error I believe he is committing is in deciding to vote with some Democrats, not all, I suspect, against any tax reduction just because his particular bill was not accepted by the Committee on Ways and Means or because he may have had some personal differences with the chairman of that committee. I sincerely hope he will reconsider that decision. In the second place, I cannot go along with him in the allegation, or at least the implication, that the distinguished majority leader has been trying to tell him what to do. I did not, as the gentleman from Michigan says he did, drop my bill in the hopper never expecting it to go through. I introduced it and I fought for it with the members of the Ways and Means Committee with all the force and sincerity I could muster and by every legitimate method I could devise. But I recognize the fact that legislation is a give-and-take matter and that all knowledge in the world is not reposed in the mind of any one man, least of all in my mind.

I want to assure the membership on both sides of the aisle that neither the majority leader nor anyone else has tried to tell me what to do, and I do not propose to have anybody tell me what to do. Furthermore, I am confident that he has not told anybody what to do and I resent deeply the fact that the gentleman from Michigan in his excessive zeal, no doubt, has allowed himself to create any such distorted picture of the majority leadership in this body which has the respect and admiration, even when in disagreement, of the Members of the House on both sides of the aisle.

I believe the fight I put up along with many of my Republican colleagues who shared my views has borne fruit and I am happy to testify that the leadership has at all times been ready and willing to hear us. Contrary to the apparent conclusion of my friend from Michigan, I believe up my way that the hard-working charwoman who earns \$18 a week about whom I told the House the other day, will be very grateful to receive a check from the Government for \$20.28, which is the annual amount she will save on taxes, and the man with two children who is making \$50 a week and having

\$3.20 taken out of his pay every week will welcome a reduction of that amount to \$2.20, and you cannot tell me that the retired school teacher or fireman or policeman, or Federal or State employee trying to get along on a pension that is subject to taxation, or, for that matter, the large group over 65 who have laid aside a bank account or a few Government bonds or other securities and in the evening of their lives, when they should be entitled to a measure of comfort and security, are worrying over their living expenses and the cost of meat and coal and rent, you cannot tell me that these people will not welcome the tax relief afforded by this raise in their exemptions by \$500.

Thirty-one million of these small taxpayers in the lower-income and over 65 groups, it is estimated, are benefited especially by the additional consideration shown in raising the reduction from 20 percent to 30 percent and in this special exemption for the older people. In addition, some 15,000,000 more share in the benefits in the 20-percent and 10-percent brackets. Just because this bill before us does not approach this tax-reduction problem in precisely the manner I might wish, is no reason, it seems to me, to deny these deserving and overburdened taxpayers any relief at all. I conceive it to be my duty to support this legislation, and am confident that it will bring not only new hope to the people of this country, but also, by thus virtually effecting a pay increase to the wage-earners, will give them more money to spend on the good things of life, thus contributing to the general prosperity, and will release not only much needed venture capital, but also, and even more important, the wells of confidence leading to increased productivity, business progress, full employment, and the creation and maintenance of a high standard of living for all our people.

As I stated when H. R. 2492 was introduced, I hope the time is not too far distant when the present exemptions of \$500 for a single person and \$1,000 for a married person can be raised somewhat to a more realistic figure. There certainly is some bare minimum, it seems to me, beyond which we should not go in requiring a man or a woman to contribute out of his or her income to the expenses of running the Government. This bare minimum might well be set somewhat higher than the present figures.

The difficulty arises out of the amazing reduction in revenue which the Bureau of Internal Revenue figures reveal as the cost of the Government of raising the exemptions even \$100. For instance, it is estimated that to raise these exemptions \$200 would result in a revenue loss very nearly equivalent to the total amount expected to be the result of the passage of H. R. 1.

Although special emphasis, it is true, should be placed on relief in the lower brackets, as I am happy to say this bill now does, it would not be equitable, it strikes me, to deprive of the benefits of tax reduction single men with incomes over \$700, or married men with incomes above \$1,200, which would be the result of adopting the suggestion of the gentleman from Rhode Island.

Therefore, I conclude, a bill has been brought before us, not perfect, in my opinion, but embodying, to some extent, the principle of graduated reduction, a bill worked out by resolving the sincere and conflicting opinions and positions of many Members. There are those who sincerely contend that a straight percentage reduction should be given to everyone. Others claim that reductions should take the form of a raise in the present exemptions. Still others, like myself, favor the graduated-reduction approach. We could argue here until next Christmas and beyond, if we all stubbornly opposed any tax-reduction bill except the particular one which we favored. The country looks to this Congress for accomplishment. We must get on with the great work which lies ahead of us. Tax reduction is but one, albeit an important one, of the constructive steps we must take along the path of progress.

We have before us a good bill. Let us support it wholeheartedly. Let us give the people of this country this relief, so long overdue and so richly deserved.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I intend to support this bill because I believe that people in the lower income and moderate income brackets, now 2 years after the war, must have some tax relief from the high wartime tax structure to help them meet the high cost of living—up over 60 percent since 1939. I was against an across-the-board tax reduction because I considered it unfair to the ordinary citizen in my district and would be against it today if it were before us. The further reduction of the tax by one-third—from 20 to 30 percent—for the great bulk of the taxpayers in my district does make enough of a difference to them so that I must support the bill. I still do not like the feature of the bill giving a 20-percent tax cut to taxpayers up to \$300,000. I believe that the cut should have been graduated, this 20 percent cut down materially and the saving in the amount available for tax reduction used to increase the tax cut to over 30 percent for those in the middle and lower income brackets. However, the need of my constituents for some tax relief to help them meet living costs is so great that I feel that as their representative I must vote for the bill with its imperfections rather than vote for no tax cut at all. The figures also show that this readjustment of taxes from war to peace will allow for a substantial debt reduction—essential to the future of the country in times of high national income like today. I have surveyed the opinion of the rank-and-file citizens of all parties in all parts of my district, and this is what they want me to do by an overwhelming majority.

Mr. KNUTSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

#### A BALANCED BUDGET AND TAX REDUCTION

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am supporting H. R. 1 with certain reservations, and I feel that I should make my position clear before I cast my vote. In the first place, the Republican majority is committed to balance the budget and to make a substantial payment upon our national debt. These commitments must be carried out.

Relying upon the presentation made by the members of the Ways and Means Committee as to prospective tax income for 1947, I am convinced that the Federal budget will be balanced, and that a substantial sum will be made available to pay on the national debt. However, no one can predict with any degree of accuracy as to the curtailment in Federal expenditures until after we have passed on all of the appropriation bills. It is my hope, which will be backed up with my votes, that Federal appropriations can be cut at least \$6,000,000,000. I feel that expenditures can be reduced in this amount, or more, without curtailing essential services that the Federal Government should perform for the people. I am also convinced that the expenditures can be materially reduced for the Military Establishment without injuring our national defense and taking care of commitments to which we have been obligated by the administration in foreign fields. I will do my part in voting to cut expenditures so as to bring about a balanced budget, a substantial payment on the national debt, and tax reduction.

Under the Constitution, the House of Representatives must originate all tax bills. While I feel that the provision in H. R. 1 to make tax reduction retroactive to January 1 of this year is premature, I am nevertheless voting for the bill so that it can be presented to the Senate and be given consideration in time for final action before June 30, 1947. In my opinion, the tax-reduction program should not become operative until July 1, 1947, at which time definite information will be available to Members of Congress and the country as to the amount that we have been able to cut Federal expenditures. At that time we will also learn as to the amount of tax income for at least the first 6 months of this year.

I also feel that a more substantial cut in taxes should be approved for taxpayers in the lower-income groups—either by way of increased exemptions or higher percentage reductions than the 30 percent approved by the committee in H. R. 1.

The tax bill will come back to the House for another vote after it has been considered by the Senate, at which time I want to reexamine its provisions carefully to determine my vote on the conference report or the bill in its final form.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. TWYMAN].

Mr. TWYMAN. Mr. Chairman, I am in favor of and will vote for H. R. 1, the Republican 1947 tax bill. This proposal will be received enthusiastically by

the people of the Ninth Congressional District of Illinois.

The Ninth Congressional District of Illinois is known as the gold coast district of Chicago. This is a misnomer. It is true that the gold coast is located in the district and that some of the wealthy people in Chicago are my constituents. On the other hand, mine is a district of extremes. It is the most cosmopolitan district in the United States. I represent both extremes in the financial register. I represent people who work and people who live off of invested capital. In my district is to be found every nationality, color, and creed in Chicago. There are people of Irish, German, Scandinavian, and Slavic descent; there is a large Italian-American population and a large Jewish population; there is a large colored population; also living in my district are one-third of the Japanese-Americans who live in Chicago; in addition, there is a large number of Filipinos in my district. Every religious denomination is represented. In fact, in my district there is both a Buddhist and a Mohammedan congregation. I represent people from all walks of life, and I recognize my responsibility in trying to adequately represent them all.

This tax bill could not possibly satisfy everyone. There are features in it which I, myself, would have liked to have seen changed, but it is a good bill, and it is the forerunner of other bills which will lessen the tax burden on the American people.

I am glad that special consideration is being given to those in the lower-income brackets. They are really the ones who need relief. I am also glad that consideration is being given to those who live on annuities and pensions. With the increased cost of living, all people will welcome tax reduction now, and I am glad to vote for H. R. 1.

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. REEVES].

Mr. REEVES. Mr. Chairman, I desire to express my support of H. R. 1. I agree with what my colleague the gentleman from New York [Mr. KEATING] has said, because, like him, I introduced a tax bill and urged the Ways and Means Committee to act favorably upon it. The fact that it has not yet been given consideration does not in anywise change my opinion that this bill is sound, and that it must be enacted to relieve the American people from the overwhelming burden of taxes which they have carried in recent years. So far as the questions of the proposed rates, exemptions, and the application of rates to various income brackets are concerned, the field has been thoroughly, and I might add very vigorously, plowed in this debate. I think it is now a question as to whether this tax reduction is desirable and acceptable to the House and to the American people at this time.

I do not think anyone can seriously question the importance of a tax reduction now. Every American citizen is paying taxes which are multiplied many times over those which he paid in the



days before the tremendous extravagances of the New Deal. It is especially important to the workingman and to the small businessman that his taxes be reduced, and that he have the opportunity to accumulate some reserve against the day when a contingency or emergency now unforeseen may arise.

If there is any discrimination under this bill, it is against the upper-income brackets. It has long been a national policy that Federal income taxes shall be based upon, and graduated according to, ability to pay. This principle will not be violated through the enactment of H. R. 1. As a matter of fact, upper-bracket incomes, which already bear a disproportionately high share of the total tax burden will, after this bill is enacted, pay an even higher proportion of the total income-tax burden.

As the gentleman from Nebraska [Mr. CURTIS] so ably pointed out yesterday, under the existing income tax law, adopted in the New Deal's wartime heyday, a man with a \$25,000 income pays about 51 times as much income tax as the man with an income of \$1,000; and under the bill we are now considering he will pay 58 times as much. In other words, this bill actually imposes on the larger incomes a still greater share of the total tax burden.

One effect of H. R. 1 will be to increase Federal revenues in the same way that income-tax reductions produced additional revenue in the 1920's. It is a matter of record that between 1920 and 1929 Federal income taxes were reduced four times and in every instance the Federal Government gained in receipts from income taxes because the reduction enabled private enterprise to expand, increased the national income and promoted prosperity generally.

It was the gentleman from Massachusetts [Mr. GIFFORD] who said in the House not very long ago something we all should bear in mind, in considering the matter of tax reduction. He said:

If you tax a man 20 percent of what he makes on Monday, 40 percent of what he makes on Tuesday, and 60 percent of what he makes on Wednesday, and plan to tax him 80 percent of what he makes on Thursday, and perhaps 100 percent of what he makes on Friday, he will not work on either Thursday or Friday.

Today, as never before in our history, it is imperative that we encourage every American to produce all that it is within his power to produce in the interest of our national prosperity and the prosperity of the individual citizen.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. REEVES. I am glad to yield to the gentleman from Minnesota.

Mr. KNUTSON. It was stated in the House of Commons during a debate several weeks ago that one reason for the tremendous drop in the production of coal was the fact that the miners would only work 3 days a week in order to avoid paying taxes, that their wives worked the other 3 days in some nearby factory. That was one of the reasons for the coal shortage in Great Britain.

Mr. REEVES. I thank the gentleman for that illustration. It demonstrates completely that you kill incentive and the productivity of the individual through

taxes as burdensome as those imposed on the American people today.

The Democratic Party has never reduced Federal income taxes but once. That was last year, in the Seventy-ninth Congress, which they controlled. What did the tax cut do for the wage earner, the low-income taxpayer? Did it give him a greater tax reduction than it gave the upper-bracket incomes? It did not. It was a 5-percent reduction straight across the board, a 5-percent reduction on every income, however large or small.

When they passed that bill the gentlemen across the aisle did not express for the millions of small incomes the tender solicitude they now profess in opposing this bill. They did not then demand debt reduction before tax reduction. They did not even argue from across the aisle that we should balance the budget before reducing income taxes 5 percent straight across the board. They forced through the 5-percent reduction in a frantic but unsuccessful effort to stem the rising tide of public revolt against the policies with which they had brought us very close to national disaster.

Now there is a substantial explanation, I think, for some of the opposition to this bill from the other side of the aisle. Yesterday I was interested to hear the arguments of the gentlemen from Oklahoma [Mr. MONRONEY and Mr. JOHNSON], as well as the distinguished gentlemen from Texas [Mr. RAYBURN and Mr. WORLEY] who were opposing the enactment of this bill.

All of these gentlemen are citizens and Representatives of districts within so-called community-property States, which already enjoy an enormous and unfair tax advantage over the 39 States which do not have the community-property system. These gentlemen do not know how vital this tax cut is to the rest of the country because in the community property States which they represent they do not carry the terrible tax load that we do. In a community-property State they pay 15 percent less in Federal income taxes on a \$10,000 income, 29 percent less on a \$25,000 income, and 20 percent less on a \$100,000 income. No one can justify that discrimination against taxpayers in the 39 non-community-property States.

When the gentleman from Oklahoma [Mr. JOHNSON] so righteously espoused the cause of the little taxpayer, and opposes relief in the steep surtax brackets, I think we ought to look at what they did down in his State of Oklahoma to escape high Federal income taxes. In 1945 they voted themselves a Federal tax cut by adopting the community-property system, which gives them a great advantage, percentagewise, over all the taxpayers in the 39 States which do not have that system. And whom did they benefit? The little taxpayer? Not at all. They did not reduce the little taxpayer's taxes a dime. But they did thereby give the man who makes \$10,000 a year a 15 percent reduction in his Federal income taxes; they gave the man with a \$25,000 income a 29 percent reduction; and they gave their wealthy oilmen who make \$100,000 a year a 20 percent reduction—and today it is worth nearly \$13,000 a year to a man with a \$100,000

income to live in Oklahoma where his Federal income taxes are that much less. When they adopted the community property system it was for the express purpose of reducing the taxes on large incomes, for it did not, and could not, give a nickel's worth of relief to taxpayers with low incomes.

The same situation obtains in Texas, Louisiana, and 6 other States where the community-property system protects incomes from the burdensome surtaxes that citizens of the other 39 States have to pay.

Because of the community-property system and its effect on Federal income-tax liability the gentlemen from the nine community-property States and their constituents do not know and have not experienced the crushing weight of Federal taxes. They are not burdened as the rest of us are, and now they are attempting to deny the rest of the country the tax relief which they have already obtained for themselves under the community-property system.

If you will examine the figures you will find that more than one-fourth of the gentlemen on the Democratic side of the aisle represent districts in community-property States. Less than one-tenth of the Members on the Republican side represent districts in community-property States. And we who live in the 39 non-community-property States always have paid part of the taxes of the citizens of the community-property States, and we will still be doing so after this bill is passed. One explanation for the opposition from across the aisle, particularly on the part of the gentleman from Oklahoma [Mr. JOHNSON], who spoke yesterday, is that the 49 Members on that side who are from community-property States, and the people they represent, pay substantially lower Federal income taxes, and they do not need relief to the extent that the rest of the country does. It seems to me that that explanation somewhat dims the brilliance of the eloquence of the gentleman from Oklahoma yesterday.

Mr. RIZLEY. Mr. Chairman, will the gentleman yield?

Mr. REEVES. I yield to the distinguished gentleman from Oklahoma.

Mr. RIZLEY. I would also like to call the attention of the gentleman, as well as my distinguished colleagues on the other side who spoke against this reduction yesterday, to the fact that the Oklahoma Legislature this year, for the very purpose of further encouraging venture capital in our State, reduced the State income tax in Oklahoma to the extent of 30 percent.

Mr. REEVES. I thank the gentleman for bringing that fact to the attention of the House. I understand that it was an across-the-board cut.

Mr. RIZLEY. That is right. The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. KNUTSON. Mr. Chairman, I yield three additional minutes to the gentleman from Missouri.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. REEVES. I am glad to yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. The gentleman made a statement a few min-

utes ago pointing out that from 1921 to 1929 there were four tax cuts, which he stated provided incentive capital, caused more people to go to work, and so forth, but I want to know what happened in 1929. Why did not the incentive capital then provide employment for the seventeen or eighteen million people that were then unemployed? In other words, during a 8-year period you had four successive tax cuts, which apparently is what you are trying to do with this bill. I say to you that it fell down in 1929, when you had misery rampant in this land, when you had people unemployed. Where were your manufacturers then with their incentive capital? Why did they not put those people to work then?

Mr. REEVES. Of course, the income-tax laws of the United States had no extraterritorial effect. As the gentleman well knows, the depression which occurred in 1929 was a world-wide depression which affected and infected every nation and every economy on the face of the earth. The fact that there were income-tax reductions during the 10-year period preceding that time, as the gentleman well knows or ought to know, had nothing whatever to do with the results of the complex interrelationships of the economies of the world, which were all depressed at the same time.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. REEVES. I yield to the gentleman from Pennsylvania.

Mr. RICH. I congratulate the gentleman on his explanation to the gentleman from Oklahoma. The question the gentleman is discussing with reference to equalization of taxes in the community-property States is something very timely. I think the Congress should take some recognition of that. I think the bill the gentleman has introduced to provide that there will be equality in taxation between the community-property States and all the other States of this Nation, so that each individual is taxed alike, is something that should be given recognition. I congratulate the gentleman on the work he is doing on that matter, and I hope he will succeed. I assure him that I want to do everything I can to assist him in bringing about the enactment of that bill into law.

Mr. REEVES. I am deeply grateful to my colleague from Pennsylvania for his support of the measure I have introduced. It is H. R. 1759. I have not withdrawn from my position that that bill should be enacted in all fairness to the people of the 39 States, comprising five-sixths of the income-tax payers of this country, who now suffer from the discriminatory operation of the Federal income-tax laws.

No tax bill is perfect, as the gentleman from New York [Mr. KEATING], has said so well, nor can it satisfy everyone. There is necessarily some give and take before there can be agreement upon any legislation on which there are different points of view. In the beginning I had hoped that in this bill, in addition to providing relief in the lower brackets, we could equalize income taxes in accordance with the proposal which the gentleman from Pennsylvania [Mr. RICH], has just mentioned, but I am willing and sat-

isfied that we proceed now to reduce taxes in the manner and to the extent provided by H. R. 1, as amended. I believe that it grants tax relief which the American people need to increase their purchasing power and to build up their economic security. At the appropriate time the Congress can consider the equalization measure I have proposed along with other existing tax inequities which can be eliminated only by a general tax revision bill.

So, Mr. Chairman, I support the present bill, H. R. 1, and urge its enactment; and I forecast that it will pass the House by an overwhelming majority.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, I think it might be proper if I prefaced my remarks by an expression of appreciation to my distinguished friend, the able gentleman from Minnesota, who on yesterday paid two of my colleagues and me a high compliment by referring to us as a firm of tax experts, by name DINGELL, ENGEL, and GORE. I am but a minority stockholder in that firm and I do not wish to go beyond my rights, but I venture to suggest to the distinguished gentleman from Minnesota that his endorsement may presage an auspicious inauguration of a new firm of tax consultants.

I have suggested to my colleagues in that firm that we specialize in tax equity and sound fiscal policy. The indications are bright that we would have a prosperous business and many clients, the most prominent among whom would be the Republican candidates for Congress who vote for the Knutson bill. I say that not without definite indication, because on next Tuesday a Republican primary is being held in the State of Wisconsin to select a nominee of that party to fill a vacancy in the House of Representatives in which there are three Republican candidates. Those candidates are not running on promises made last year. They are running before the people now. And all three of those Republican candidates, I am informed, have repudiated the Knutson bill.

Mr. Chairman, the distinguished gentleman from New York said he understood legislation was a matter of give and take. Generally that is true. It is incumbent upon us to consider and try to understand the logic and merits of the positions taken by those with whom we disagree on the sundry issues which come before the Congress. Such an attitude of tolerance and understanding has resulted in much good, and in my limited time as a Member of the House I have seen many conflicting points of view resolved by that process into an action truly representative of the national will.

But on this question before us today, may I advise my friend, those democratic processes of developing the will of this Congress has been denied us—not only denied to this body but denied to the committee to which it was referred, as has been attested to by every Democratic member of the committee who has spoken.

I am one of those 85,000,000 Americans who bought a war bond. I am one of those American citizens who believe that the war-created public debt is an obliga-

tion of every American citizen and of the two political parties. I respectfully resist and repel the suggestion made in debate yesterday that because one party was in power when a great victory was forged that a party subsequently coming into power should, because of that previous fact, treat lightly the most stupendous debt in our national history.

Perhaps we here in this Chamber hear the public debt discussed so frequently we become calloused to its dangers to the American way of life and to its meaning to those 85,000,000 Americans who have their savings in bonds tucked away in their savings boxes.

True it is, the Treasury of the United States and the Federal Reserve System has done a great job in holding down the interest rates on these bonds voluntarily purchased, but if this Congress fails to live up to its responsibilities of preserving the stability and financial integrity of the Republic, then they will not be so successful in their refinancing operations, and then this tremendous burden of interest charge on our public debt, now an annual \$5,000,000,000 burden, may become unbearable. Then it may be that the confidence of the American people will be shaken in Government paper. When that confidence in Government paper is shaken, the very foundations of our national economy will be shaken, if not shattered.

However, the question today is not simply whether we favor payment on the national debt on the one hand or tax reduction on the other. Not at all. It is far more complicated than that. To vote for the Knutson bill you not only vote to give tax-reduction priority over debt reduction, but you vote for the most inequitable, the most unfair, the most unsound tax bill that it has ever been my privilege to read and study or hear about.

These charts serve to illustrate the points I wish to emphasize. The distinguished gentleman from Minnesota [Mr. KNUTSON] yesterday undertook to say that his bill did not violate the principles of ability to pay. Let me show you how war taxes were levied. They were put on to the extent which this Congress considered the people able to contribute to the cost of the war. Here are the percentages by which they were increased on various income levels over the 1939 tax rate, and the third column shows by what percent they would be reduced by this bill:

Percentage tax increase 1939-46—Percentage tax decrease 1946—H. R. 1

Married person with income of—	Percentage increase of 1946 tax over 1939 tax	Percentage increase of H. R. 1 tax over 1946 tax
\$1,200.....	(1)	30
\$1,500.....	(1)	30
\$2,000.....	(1)	30
\$3,000.....	4,650	20
\$5,000.....	898	20
\$10,000.....	427	20
\$25,000.....	265	20
\$50,000.....	180	20
\$100,000.....	94	20
\$303,396.....	44	20
\$500,000.....	34	16
\$1,000,000.....	24	13

<sup>1</sup> No tax was levied on incomes of this amount in 1939. For 1946 the tax on \$1,200 was \$38; on \$1,500, \$93; and on \$2,000, \$190.



Let me say to the gentleman who spoke a moment ago that the war tax bills passed by almost unanimous vote.

Percentages can be deceiving. That is why 20 percent across the board is deceiving. But I am putting it on the basis of percentages, too. The percentages begin with this \$3,000 income. There was an increase of 4,650 percent 1946 tax over the 1939 tax. How much do you decrease it by this bill? Twenty percent.

Let us take the \$5,000-income bracket. It was increased 898 percent. How much do you decrease it? Twenty percent. So you are transferring the burden of the war debt from those most able to pay to the backs of those who are least able to pay.

"Take-home pay" is a democratic, workingman, farmer term. Every housewife knows what that means. It means what they have left to spend after paying their taxes. For this \$1,200-a-year-income man that we have heard so much about, you increase his take-home pay by 1 percent. Take a look at this table:

*Under H. R. 1 (Knutson tax bill) as amended by Committee on Ways and Means*

Married person with income of—	Percent increase in take-home pay
\$1,200.....	1.0
\$1,500.....	2.0
\$2,000.....	3.1
\$3,000.....	2.9
\$5,000.....	3.8
\$10,000.....	5.6
\$25,000.....	11.4
\$50,000.....	19.7
\$100,000.....	34.2
\$303,396.....	72.1
\$500,000.....	70.7
\$1,000,000.....	69.2

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. GORE] has expired.

Mr. COOPER. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GORE. The \$303,000-income man gets a take-home pay increase of 72.1 percent—\$47,000.

The man who earns \$1,200 per year will receive an increase of \$11.40 in his take-home pay, per year.

What does this mean to him? How much can this man buy with that take-home increase. He may be able to buy a cheap spring hat for his wife. But what can the man with an additional take-home of \$47,000 do with his extra change? He can buy a dozen \$50 hats, a mink coat, pay the grocery bill for an entire year, buy a new car, buy a new home at \$20,000, and pay cash for it; buy a farm for \$10,000 for a hobby, and pay cash for that, too.

Moreover, he will have enough left to buy a yacht, I mean another yacht, for, of course, he probably already has one; and he can pay his membership in the golf club, take a cruise, a vacation, and still have \$5,000 left with which to gamble on the stock market. Is that what you are going to vote for? Well, that is what you will vote for if you vote for the Knutson bill.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. GORE. I am sorry; later. No wonder the gentleman is disturbed, but

here is another chart I want to show the Committee.

By this bill, taking for granted that \$3,840,000 tax relief is conveyed by the bill, you will give tax relief to 4 percent of the taxpayers in the amount of \$1,441,000,000—and these are not my calculations. I asked the actuaries of the Treasury Department to supply me with this information, and they complied with my request.

Let us look now at the middle income group, making up 43.3 percent of the taxpayers. They will get \$1,378,000,000. And then this lowly income group which we have heard so much about, the 52.7 percent, get only \$877,000,000. Here it is in table form. This is what you will be voting for.

UNDER H. R. 1 (KNUTSON TAX BILL)

Four percent get \$1,441,000,000 tax relief.

Forty-three and three-tenths get \$1,378,000,000 tax relief.

Fifty-two and seven-tenths get \$877,000,000 tax relief.

Mr. Chairman, the author attempts to justify this on the promise that we are going to make drastic reduction in expenditures, that we are going to deeply cut cost of government. Weeks ago, this Congress voted a resolution to cut \$6,000,000.

A disagreement with another body developed. Then conferees were appointed and we waited for a meeting. Day passed and day passed; no meeting; then the weeks began to roll by and still no meeting. Finally the distinguished former chairman of the Ways and Means Committee made some reference to the strange procedure and promptly a meeting of the conferees was called for last Saturday. I was a member of that conference committee, and although I am not privileged to disclose to you what happened there, I assure you it was a rare privilege to attend, and I assure you further that those noted Aristotelian logicians of the Middle Ages who spent long hours debating upon whether there was a homo genus and how many angels could stand on the point of a needle would have felt delightfully at home in that conference.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield for an inquiry?

Mr. GORE. I yield.

Mr. McCORMACK. Where is this conference report now? Most of us are wondering where it is.

Mr. GORE. It is in the bosom of the Republican leadership of the Congress, and there I predict it will remain until the tax bill is passed.

Much has been said here today of the spending spree of the Democratic administration. Well, who are the spenders now? In the first two appropriation bills, this Republican House has appropriated 50 percent more money than was appropriated to run the whole Government in 1938.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, House bill 1, known as the Knutson tax bill, and sponsored by the Republican leader-

ship of the House, will, if enacted into law, take its proper place alongside of other special privileged legislation for which the Republican Party has long been famous. The gentleman from Rhode Island [Mr. FORAND] and other Democratic members of the Ways and Means Committee have sponsored an amended bill which will extend relief to the taxpayer in the lower brackets by increasing the exemptions. This is the only practical method to relieve the tax burden on the millions who create the purchasing power of America.

Our Nation is just emerging from the greatest world war in history and is heavily burdened with a terrific national debt. It is the contention of the opponents of the present bill that substantial payments must be made on our national debt and also to balance our Federal budget, and then our Government should make a substantial reduction in Federal income taxes. The eighty-odd-million people who purchased defense bonds must not have the value of those bonds jeopardized by a politically conceived tax bill which will grant terrific reductions to the taxpayers in the high brackets. Our Government must continue on a sound fiscal policy and we cannot maintain it if the Republican leadership insists on playing politics with our tax structure. At no time in our history is the average American taxpayer better able to make substantial payments on our national debt than during these postwar years of prosperity. We must not postpone this responsibility of payment to some future date and have the burden fall on the shoulders of the boys who fought and won the war.

I fully realize that the Republican national committee promised the voters that they were going to cut Federal income taxes 20 percent across the board. The chairman of the Ways and Means Committee for several months has been assuring the American people that this would be done. We find that he has even retreated from his position.

The legislation which will undoubtedly pass the House this afternoon is nothing more than an empty gesture to the American people that the Republican leadership is carrying out its wild campaign promise. I do not believe that the Republican leadership in this House have any serious hope that House bill No. 1, as it now stands, will ever be enacted into law. This bill will merely serve as an instrument for the Republican National Committee to present to their corporate campaign donors as evidence that they are endeavoring to recompense their benefactors for the great campaign slush fund of 1946.

Millions of the smaller American taxpayers will become acquainted with the tax-reduction provisions of this bill by the November election of 1948. They will then learn that the policy of the Republican leadership toward the masses has not changed since the lush days of the Republican leadership in the 1920's. Young America and the World War II veterans will see in this bill a scheme to pass on the double burden of both fighting and paying for World War II.

On account of the Republican majority, it will be impossible to defeat this bill, but I do hope that the Democratic membership remain solid and, with the aid of a number of Republican Members, a sizable protest be registered against this ill-advised tax legislation.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MCGARVEY].

Mr. MCGARVEY. Mr. Chairman, much has been said lately of the need for party unity. For this reason, I am puzzled by those Republican Congressmen, who, in statements made on the floor of the House or to members of the press, openly criticize the proposed income-tax reduction.

This is a party measure. It helped us to win the election in November, and now we are being asked by some to forget its existence.

The original plan, calling for a 20-percent across-the-board reduction, has been changed in favor of the present measure, but still the critics are not satisfied. They would prefer still further revisions, or, better yet, a complete shelving of the bill.

They call it a rich man's bill. They claim that it benefits those in the upper-income brackets to the detriment of the workingman and farmer. Mr. Chairman, to me this pitting of class against class sounds strangely like the beginnings of new dealism in the Republican Party. Apparently some of our Members have forgotten the answer to that question heard so frequently before the last election. Perhaps they have forgotten the question.

Well I, for one, have not forgotten that my constituents had enough and voted for me in a district that has not had a Republican Congressman in 16 years. And I would like to make it clear that it is not a rich man's district. The people in it are, for the most part, working people and low-income wage earners. These same people write me daily urging my support of this so-called rich man's bill.

One Congressman, who opposes the bill for reasons best known to himself, has decided that the new Members are to blame for the desire to produce an effective tax bill. As you can readily see, he picked an easy target. What does a freshman Member do in Congress but keep his mouth shut? His remarks that business interests have threatened new Members with withdrawal of their support in the next election unless they vote for the tax bill belongs in the interesting if true department; a polite way of saying pure "bunk."

If anyone has used coercion in regard to this matter, I would say it was he. This gentleman issues dire warnings of the loss of the little man's vote. To listen to him for any length of time, one would come to believe that we proposed to raise the income tax, instead of lowering it.

This distinguished gentleman is so engrossed with his press interviews that he apparently has not had the time for a careful study of the measure. If he had, he would see the folly of his rantings. Not only does this bill benefit the work-

ingman directly, by decreasing the tax on his income, but indirectly, by releasing a stream of venture capital from the upper income brackets into the field of productive enterprise. This would not only enable established businesses to expand, but allow the creation of new industrial undertakings. The obvious result is higher wages and more and better jobs for the workingman, who, according to some, is so abused by this bill.

I would like to say here and now that though I may be a freshman in Congress, I am not a freshman in politics. I know what the people of my district want. They want tax relief, not 1 year or 2 years hence, they want it now. This is the Republican Party's first chance to give the American people what they voted for last November. It is expected of us. Let us, therefore, cease this useless talk of revisions and amendments. Above all, let us stop, right now, any move favorable to the complete abandonment of the measure.

This is a sound tax bill. It not only paves the way for better tax bills, but is a necessary start in the restoration of the economic stability of our country.

I therefore urge your enthusiastic support of this bill. This is our chance to show the American people that the Republican Party does not make a mockery of their campaign promises.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, I desire to make a few remarks respecting H. R. 1, which is now pending before this Committee, and which measure provides for the reduction of individual income-tax payments. At the very outset, I wish to state that I intend to support this measure. It is high time that the people of this country have some tax relief. During the war, and since the end of the war, the people have struggled, and they are continuing that struggle, to save and to prepare for the payment of their income taxes. These are certain, as long as the law provides for such payments. It has been written that there are two certain happenings in our lives, and these are death and the payment of taxes. That statement is unqualifiedly true. These are "fixed charges" against us, and the only variation is in the amount of the tax charges, and this great legislative body has the power to fix just what that charge may be. In the pending legislation this body is called upon to fix the amount of the tax charge against the people of this Nation.

Mr. Chairman, the people are eager for some tax relief. In the passage of the pending bill, I am certain that relief will be extended to them. I am very proud of the fact that the Ways and Means Committee has approached this problem upon the basis of the ability of the people to pay taxes, and they have seen fit to make a reduction to all those in the lower and small-income brackets; the small-income earner, regardless of what his vocation may be, is entitled to a reduction of his tax—he desires to enhance his power of purchase, and it is wholesome to our Nation to grant that

increased purchasing power to those in the lower-income brackets. The Nation will welcome this reduction, I am confident. Another provision contained in this bill, with which I am in complete accord, is the provision granting to all those who have attained the age of 65 years an additional exemption of \$500. It is common knowledge among the Members of the House that the aged people of our country, those who have attained the age of 65 years, are struggling to secure jobs, and many of them are unable to secure a job of permanent character. The mere pittance of their earnings, or the small amount which they may receive by way of income of any character, is quite soon absorbed in the payment of taxes. Under the pending measure these people, who are over 65 years of age, will receive an additional exemption of \$500, which will be very helpful, I am certain. I fully approve of the action taken by the Ways and Means Committee with respect to the aged people of our country. I am confident all of the other reductions contained in the bill, now presented to the Committee of the Whole House, will meet with the general approval of the Members of the House, and that it will be universally approved by the people generally over the country.

Mr. Chairman, there is another, and a most potent, reason for my approval of this measure and of all measures which will reduce the spending of the taxpayers' money, and which will force the Departments of our Government to reduce their personnel and employees, and which will place a firm and definite limitation upon the amount of money our Government will have available for spending, and that is this—the people have reached the end of the road in their ability to pay, and they are entitled to a respite from this constant demand for more taxes, and for more money. The earning power of our people is largely fixed. Their resources are being sapped away by the payment of very high taxes. They are, therefore, unable to purchase the commodities they need, and they are unable to employ the people they should have to make repairs, and to engage in construction; their purchasing power is limited by the imposition of these high and all-absorbing taxes, and it was with this thought in mind, together with the desire to help the people in the lower income tax brackets, and the aged people, that this bill was prepared and introduced. It is my fervent hope that this measure will be promptly passed by the House of Representatives, all to the end that the much-needed relief provided in the bill may be extended to the people generally in our country. This measure, written into law, will also be a firm limitation upon our Government in the spending of the people's money. It will be a signal to those in control of our Government, and the many and various agencies thereof, to stop, look, and listen, a signal which has not been presented during the past 14 years. It is my considered judgment, Mr. Chairman, that this action is wholesome and that this legislation will redound to the ultimate benefit of the people in our Nation.



This measure should be passed without a dissenting vote.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. GOODWIN].

Mr. GOODWIN. Mr. Chairman, when we pass this bill today, we will be furnishing additional proof that we propose to keep faith with the American people. They are looking to us to give them some measure of relief from the burden of individual income taxes. They have courageously and patriotically carried this burden during the war years, but now at the threshold of the third peacetime year they desire and deserve such tax reduction as will enable them to save from their earnings something more to spend for themselves and for the increased comfort and enjoyment of their families.

We should fail miserably in our obligation to our constituents if we did not pass on to them as taxpayers the savings which can be made and which we are going to make by eliminating unnecessary items in the cost of the Federal Government.

It is natural that there should be a difference of opinion as to how most equitably to apportion to the different income brackets the tax savings to be effected by cutting down Federal expenses. I feel certain the committee has approached this problem with analytical care and has reached a solution which will work substantial justice to the entire taxpaying public.

The benefit of the full 30-percent cut is given to that great army of taxpayers whose income falls into the lower brackets and who have been hardest hit by the increased cost of living. At the same time the bill recognizes the necessity for affording a tax reduction for those whose taxable income is larger.

In this latter group are those upon whose capital we rely for the financing of those business ventures so essential for an expanding economy.

We must encourage the free flow of this risk capital if we are to maintain and increase a high level of production and employment.

Thus this bill will furnish incentive for business expansion, stimulate our national economy and build up the wealth of the country. All our people will be able to enjoy a higher standard of living through full production, and a corresponding increase in gainful employment.

I am confident that the passage of this bill will be enthusiastically hailed by the great rank and file of our people as proof that this Eightieth Congress proposes to move with expedition and certainly to take from their backs the burdens brought on by the exigencies of war; to give them now the privilege of having and spending for themselves the tax-savings made by cutting the cost of Government and by eliminating Federal employees no longer necessary, fit the Federal pay roll to the pattern of a peacetime economy.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION. Mr. Chairman, I arise in support of H. R. 1, as amended. Our

Democrat friends took control of the House in 1933. They continued in control with an overwhelming majority for 16 years and during all of those years they did not present a real tax-reduction bill. On the contrary, they increased taxes and the national debt, and it is a real pleasure to me, for the first time in 16 years, to have the opportunity to speak and vote for an honest-to-God tax-reduction bill, a bill that gives substantial tax relief to those with small incomes, to those of moderate incomes, and some relief to those who have larger incomes who provide much of the investment capital which creates jobs and more tax-producing incomes.

We have had a lot of figures submitted here by our distinguished friend the gentleman from Tennessee [Mr. GORE] and others. I have always heard that figures do not lie. I am glad to observe that our friend the gentleman from Tennessee [Mr. GORE] admits that he did not make the figures he presented here. You know a lot of people make figures. Some good folks as well as others submit figures to uphold their contention but are very misleading. The gentleman from Tennessee [Mr. GORE] reminds me of a story that I heard about a young man in my own congressional district. He was one of two brothers whose father was a farmer. One's name was Sam and the other Levi. The father was unable to provide funds for a college education for both of these sons. He decided to send the elder son, Sam, to one of the leading universities. Sam majored in logic. After 5 years, and in the month of June when chickens were large enough to broil, Sam returned to his home with his degree in logic. Levi had very limited educational opportunities. Sam daily astonished his father and brother with his discourses on logic. He claimed by the process of logic he could prove black is white, green is red, and so on. Sam said one day: "You think we are hoeing corn here on the south side of the Rockcastle River, but I can prove by the process of logic that we are on the north side of the Rockcastle River." Finally the dinner bell rang and they went to the house for dinner. The mother had broiled two fine young chickens and they were before them on a platter. The father returned thanks and then was about to carve the chickens and serve them to his two sons and himself. Sam, the logician, said: "Father, now wait, I am going to prove to you that there are three chickens on that platter." Levi remarked, after he became a man, in telling the story that his brother Sam convinced him that there were three chickens on the platter instead of two. The father, however, listened patiently until Sam got through. Then he took a fork and put one chicken on his son Levi's plate, and the other one on his own plate and said: "Now my son Sam, as you proved to your own satisfaction that there are three chickens on the platter, you may have the third chicken for your dinner."

Now my colleague the gentleman from Tennessee [Mr. GORE] and other good Democrats have, by the use of a lot of hypothetical figures and some of Sam's logic, tried to convince us that there are

three chickens on the platter instead of two. What do our Democratic friends know about reducing taxes, reducing expenditures, and reducing the national debt? They are experts on increasing taxes, expenditures, and the national debt.

I first came to the House in 1919. Our Democrat friends had run true to form during the years they had control of the Congress. They had raised taxes sky high. They bequeathed to us also a great national debt. The Republicans secured control of the Congress and the executive branch on March 4, 1921. The high war taxes and the big debt were there. The Republicans proposed to reduce taxes and reduce the national debt, but our Democratic brethren brought in figures and more figures, and also a lot of Sam's logic as they have been doing here for the last 2 days on the present tax bill. They insisted that taxes should not be reduced and should not and ought not be reduced. They almost shed tears pointing out how the reductions of taxes and the debt would ruin the country and destroy the Republican Party. The Republican Congress did reduce the taxes in 1921 and in that year paid a billion dollars on the national debt and had a surplus because the lower rates had encouraged business and brought on an era of greatest prosperity this country has ever witnessed. A number of other tax-reduction bills were passed by the Republicans before the depression in 1930, and in 10 years we not only provided well for all of the agencies of the Government but reduced the national debt by \$10,000,000,000. It did not ruin the country; it did not ruin the Republican Party. So now these wild stories we now hear from our Democratic friends that we cannot reduce taxes, that it will ruin the Nation and the Republican Party, do not disturb me.

The Democratic Party again got control on March 4, 1931. They proceeded to increase taxes, proceeded to increase the national debt by leaps and bounds in peacetime and before we entered the war they had increased the national debt by more than \$40,000,000,000 and the taxes also went up by leaps and bounds. I made the prediction some time after the Democrats took control that they would increase taxes and increase the national debt so long as they remained in power. That prophecy was fulfilled. I know you boast of the fact that in 1945 you did put through a tax-reduction bill but that was a real "phony" tax-reduction bill. You decreased taxes that year when we had a deficit for that particular fiscal year starting us in the face for more than \$40,000,000,000 and in that same year and at the same time that you were putting through that tax-reduction bill, a great campaign was put on all over the Nation to sell some 15 or more billion dollars worth of bonds. In other words, while you were handing out a tax reduction in one hand you were increasing the indebtedness of this country by 15 billion or more. Now you argue that with a surplus confronting the country for the coming fiscal year of many billions of dollars that we cannot have a tax reduction. While many of us supported and voted for that tax-reduction bill as it was the first gesture toward the reduction of taxes in 14

years, I pointed out in a speech on the floor of the House what a ridiculous proposal it was with 14 years of going in the red and a tremendous deficit for that particular year, we were going out and borrowing billions of dollars by selling bonds in order to secure the money to pay for the reduction in taxes, and it was to take effect on January 1, 1946. Were our Democratic friends thinking about the big election in 1946 involving the control of the House and Senate? In selling these bonds we placed a first mortgage on the property and resources of every kind of the people of this country and used more than one half of the money to put through a phony tax-reduction bill. Of course, it was unfair to the American people. That is just like a bank or a business concern putting a first mortgage on their property to secure money to pay a dividend. If a board of directors did that in a bank they would be put in jail and that would be true in some cases of any business concern.

The bill before us will give a cut of 30 percent on the present taxes to practically 30,000,000 American taxpayers in the low income brackets. This will save several billions of dollars in taxes to these 30,000,000 low-income taxpayers of the Nation. Those who have a net taxable income above \$1,400, and this means after deducting all exemptions, and up to \$300,000 will receive a net reduction in their taxes over present taxes of 20 percent. Those that have a net income now of about \$300,000 and are paying 86½ percent will have a reduction of 10 percent on their present taxes. In other words, the taxes will be reduced to 76½ percent. Persons who are 65 years of age or older will receive an additional benefit in exemptions of \$500.

If a man and his wife each are 65 years of age, each of them will be entitled to this \$500 exemption in addition to the present exemption of \$500 for each of them. This, of course, is to bring some relief to nearly a million and a half aged people in this country who have small incomes and whose productive or earning capacity is practically at an end.

Two able former Under Secretaries of the Treasury under President Roosevelt strongly endorse this bill in their testimony before the Ways and Means Committee.

Mr. KNUTSON. What does the Good Book say about straining at a gnat and swallowing a camel?

Mr. ROBSION. Our Democratic friends appear to be doing that very thing.

#### DEMOCRATIC LEADERS OPPOSED

President Truman and his leaders, for some time, have expressed strong opposition to any tax-reduction bill. The Republicans again have inherited from the Democrats the highest national debt in proportion to its population of any country in the world and the highest pro rata taxes of any country in the world. Much of this was due to the reckless squandering of the people's tax and bond money by the New Dealers for the last 14 or more years, and, the Democrats now say we cannot and must not reduce taxes or we will ruin the country and destroy the

Republican Party and they have consistently in this debate chided the Republicans for having promised the people last fall that if they were given control of the Congress, they would balance the budget, reduce taxes, and pay a substantial sum on the national debt. The Republicans did agree to balance the budget, reduce taxes, and pay on the national debt. That is what I promised and I believe that is what every Republican in this House promised.

Who ever heard of one of our Democratic brethren going over his district last year and telling the people he was against reducing taxes? Why did not our Democratic friends, who are today so vigorously opposing any and all tax reductions, tell the people before the election last year? I heard no Democrat last year in the House before the November election, or elsewhere, claim that he would oppose the reduction of taxes. Insofar as I have observed, our Democratic friends joined with the Republicans in urging the balancing of the budget, the reduction of taxes, and reducing the national debt.

I, as one Republican, intend to carry out that pledge insofar as it is in my power to do so. I want to keep the promise I made last fall to the people that I represent and the American people, and I feel sure that practically every Republican in this House will do likewise. If we have any Republican who has any doubt as to the popularity of this bill among the Members of this House, as well as the American people, I want such Republican to listen when the roll is called in a short time and see how many of our brethren who have been opposing our efforts to reduce taxes vote for the bill. I am sure that many of our Democratic friends will remember the promises they made last fall before the election and forget some of the speeches that were made on the floor during the last few days and will vote for this bill. I have every reason to believe that the bill will be adopted by a vote of perhaps 2 to 1 or more, and I honestly believe that these Democrats who will vote for the bill will be rendering a real service to themselves and to our country. It will be much easier to explain a vote for this bill, giving substantial reductions to all groups of taxpayers, than a vote opposing a tax reduction to all groups. I am sure that each and every Member will find it much easier to explain his vote in keeping his promise than in giving a vote contrary to the pledges he has made.

One of the most vigorous speeches made against this bill was by our good friend and colleague, Mr. EBERHARTER, a Democrat from the State of Pennsylvania. He declares that he opposes the bill because we have not cut the incomes of the rich enough and have given too little consideration in the lower brackets. What percentage of taxes do the so-called rich pay at the present time? Eighty-six and one-half percent of their net taxable income, or in other words, they give to the Government in taxes 86½ cents out of every dollar of their income and they have left only 13½ cents out of each dollar for themselves. This bill reduces their taxes 10 cents on each dollar of their income and they can

now retain from their income 23½ cents out of each dollar.

It would not be much encouragement for a man to invest his money in job-producing and tax-paying enterprises if he must take all the risks of loss and be permitted to retain no more than 13½ cents out of each dollar for himself. Now, let us see how consistent our friend, the gentleman from Pennsylvania [Mr. EBERHARTER] is. He is an able Democratic member of the great Ways and Means Committee. He introduced a tax-reduction bill in the present Congress which fixes the maximum taxes to be paid by corporations as well as individuals, at 50 percent of their income. Yes, he would let the biggest corporations and the richest men in this country off at 50 cents on each dollar of their incomes. Yet, for some strange reasons, he denounces the present bill as being too liberal to the rich when it fixes the tax at 76½ percent on individual incomes.

This bill does not reduce in any way or at all the high taxes on corporations. His tax bill and his speech, according to my lights, is very inconsistent indeed. Later on the Congress will consider the taxes of corporations, both large and small, and also excise taxes. This bill deals solely and only with individual income taxes. If Mr. EBERHARTER's bill should be adopted now, we could give very little relief to the income-tax payers in the lower brackets and also to those in the brackets of moderate incomes, but as it is, a man and his wife with two children will pay practically no taxes on an income of \$2,500 and will pay very little if his income does not exceed \$3,300. The additional exemption of \$500 for persons 65 years of age will take perhaps a million of needy old people from the tax rolls. This bill brings substantial relief to more than 50,000,000 income-tax payers.

Some countries, for whom we have done so much and who still today owe us billions and billions of dollars, have since the war ended given their people substantial tax reductions. The Australian Government, that owes us a great deal of money, has given to her people two tax reductions since the war. We have been and still are the Santa Claus for the world. Why not do a little Santa Clausing for the tax-burdened American people?

I have voted for many tax bills during my years of service in the House and Senate and this is the most popular and fairest tax bill that I have ever had an opportunity to support. Of course, I wish the reductions could be much more than they are. These reductions amount to approximately \$4,000,000,000. The American people will have just that much more to spend for the necessities of life, their other requirements, and to invest in homes and business enterprises. We hope, by restricting the waste of the tax money of the people, that there can be another tax reduction in the latter part of this year or next year.

#### CUT EXPENDITURES, TAXES, AND PAY ON NATIONAL DEBT

Our Democratic friends insist that we cannot cut taxes. They have denounced



us for our efforts to reduce the President's budget. The position of the Republicans is that we can balance the budget; we can cut taxes, and we can pay a substantial sum on the national debt, and we must put forth every honest and reasonable effort to do so.

Every day we hear the threat that President Truman will veto this tax bill. I sincerely pray that he does not follow that course, but if he does and we cannot pass it over his veto then it becomes his responsibility and not the Republican Congress.

Let us examine for a moment this situation. We must do it because this was the pledge by the Republicans and practically all of the Democrats before the November election in 1946. The 30-percent reduction will apply to 30,000,000 or more taxpayers. These 30,000,000 will include single persons earning up to \$1,667, married men, with wives, earning up to \$2,222, and married persons with 2 dependents earning up to \$3,333. The 20-percent reduction will go to some 15,000,000 taxpayers whose net taxable income ranges between \$1,400 and \$302,396. The \$500 additional exemption will give relief to 1,400,000 persons who are 65 years of age or over. There are 922 taxpayers only who will receive the 10 percent or more reduction. This bill will bring relief to all individual income taxpayers of the Nation. Of course, this is based on a reduction in the expenditures of this Government.

President Truman sent his budget to Congress asking for \$37,500,000,000 for the fiscal year beginning July 1, 1947, and ending June 30, 1948. President Roosevelt was rated as the greatest spender at the head of any government in all history in peacetime. The highest budget he ever asked for was about \$12,500,000,000. President Truman is asking for three times that amount for a peacetime year. I realize fully there is some increase in the expenditures of our Government but we certainly are not justified in calling upon the American people to provide three times as much in a peacetime year as Mr. Roosevelt called for, with all of his officeholders, bureaus, commissions, agencies, relief, and so forth.

Under a law passed in the last Congress, the Congress must before the beginning of each fiscal year examine the President's budget and then fix a budget. The Republicans in the House after examining the President's budget decided that it could be cut at least \$6,000,000,000 without doing harm to the efficient operation of our Government, and did pass a measure cutting the President's budget six billion, leaving a balance of thirty-one and one-half billion. The Senate cut the budget four and one-half billion. We are informed the Senate has offered to compromise on the basis of a cut of five and one-quarter billion and there is no doubt but what the minimum cut will be five and one-quarter billion. If it cut six billion then the President will have thirty-one and one-half billion to spend next year. If it is cut five and one-quarter billion he will have thirty-two and one-quarter billion to spend next year.

The President estimated that our revenues this year will amount to \$38,900,000,000, but it was conservatively estimated by those who know that the revenues will amount to \$39,100,000,000 on a basis of an annual income from all sources of \$165,000,000,000, but it is now claimed that the annual income of this country from all sources will be at least \$175,000,000,000. This, of course, will increase the taxes proportionately. It is now generally admitted that the revenues of this Government for the year beginning July 1, 1947, will amount to at least \$41,000,000,000. If the cut of the budget is not more than \$5,250,000,000 this fixes the President's budget at \$32,250,000,000; there will be a surplus of approximately \$10,000,000,000. This tax-reduction bill will cut the revenues approximately \$3,850,000,000. But assuming that the tax reduction will amount to \$4,000,000,000, then there would still be a surplus of approximately \$6,000,000,000.

It has been urged that we apply two and a half billion dollars on the national debt. This would still leave a surplus of three and one-half billion. Now, why should anyone argue that we cannot reduce the taxes to the amount provided in this bill? It can be done, and it must be done, in the interest of all of the American people. Nothing could give the American people more encouragement, stimulate business, and provide jobs. I realize how difficult it is to cut expenditures with the present administration in charge of the executive branch of the Government when they have been, for many years, following a course of taxing and spending. We must restore honesty, economy, and efficiency in our Government. How can we justify spending three times as much in a peacetime year as Mr. Roosevelt spent in any peacetime year? Let us bear in mind that every dollar we take from the American people in taxes takes just that much away from them in purchasing power. Of course, some persons hint that we may soon get into another war. We should be dedicated to do all within our power to avoid another costly, bloody, and destructive war.

Believing as I do that this bill, while it is not all that I should like, yet under the circumstances it is the very best bill that we can bring out under an administration that thinks in terms of heavy taxes and big spending.

Mr. KNUTSON. What does the Good Book say about straining at a gnat and swallowing a camel?

Mr. ROBSION. Yes; the Republicans agreed to balance the budget, reduce taxes, and pay on the national debt. That is what we promised. That is what the people want. That is what I promised. That is what I believe every Republican sitting in this House promised. Whoever heard of one of your Democratic brethren going out into his district last year and saying that he was against reducing taxes? Why, you did not do that, and if anyone did, let him stand up now and let us find out who it was. So far as I ever heard any of them speak on the floor of the House before the last November election, they

joined the chorus of promises to reduce taxes and reduce the national debt.

I, for one, as a Republican, and I believe every Republican in this House will do the same, am going to respond and keep the promises that we made to the American people last fall. When the roll is called, I wish some of my dear Republican friends who may be hesitating on this question will listen to the roll call and see how many of our dear brethren will remember the promises they made last November much more than they remember the speeches that they have made on the floor in the last few days. Many of them are going to vote for this bill.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK. Mr. Chairman, for the last 10 years I have heard my Republican colleagues talking about balancing the budget and demanding that it be done. Now, I maintain it will be impossible to balance the budget this year if we pass this bill. Therefore I regard this bill as dangerous to our economy if passed now, to say nothing about the unfairness and injustice of the methods used in it.

The provisions of the Reorganization Act, admittedly difficult to carry out in the beginning of a new Congress, appears not to have been fully carried out with respect to budgetary matters. The theory of the new law is correct and good, I believe, and is presumed to enable a balancing of the budget, but congressional action taken thus far under the new law has not been adequate. Balancing the budget presupposes a very safe and sane estimate of anticipated revenues and also a conservative figuring of all imperative expenditures. It is my information that we have had neither, aside from the President's budget of several weeks ago. It is for this reason that it seems unwise and dangerous to bring a tax-reduction bill before Congress at the present time before supply bills are passed.

Only two of the appropriation bills have thus far been acted on by the House, and neither of them has been acted on by the other body or enacted into law. It is a safe guess that both of those bills will total a greater amount of expenditure than they provided for as they left this body. I think such is a safe guess concerning every one of the following appropriation bills. How, then, can we know with any certainty what our bedrock expenditures must be for the coming year?

Not only that uncertainty but several unforeseen expenditures have arisen since the President sent his budget to Congress a few weeks ago. Those in charge of our foreign affairs, both inside and outside of Congress, both Democrats and Republicans, know that there must be large expenditures of money which were not contained in the President's budget. That great Republican leader, ex-President Herbert Hoover, has recently joined with President Truman since the President's budget was submitted to Congress in recommending

hundreds of millions of dollars of expenditures in connection with our foreign affairs and particularly for the purpose of feeding the starving peoples of the Old World. The result will be that the President's budget will be enlarged even more than it can possibly be reduced by savings. Such savings as an economy-minded Congress can make in the regular budget cannot in all probability begin to equal the loss of revenue by this tax-reduction bill.

Saying nothing about the justice or injustice of this method of tax reduction—on which a great deal could be said—it is perfectly obvious that a reduction at this particular time is unwise in the light of all circumstances and because of our lack of knowledge of conditions as they will be 2 or 3 months from now. The majority party in its zeal to carry out prelection promises is getting the cart before the horse in this attempt to reduce taxes before balancing the budget. The feeling on our side is that the value of the dollar is jeopardized and the integrity of United States bonds held by 85,000,000 of Americans is also jeopardized. For that reason I feel that this bill is unwise in several respects but especially because it is untimely. It has been given first place over other fiscal steps which are more important. It should be recommitted.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, this bill is indefensible from any standpoint. It is a political bill from every standpoint.

Here we are with the greatest debt ever confronted by any nation in the history of the world, and this bill laughs at that fact.

The Republican Party need pose no more as the champion of sound fiscal policies in government because the present tax bill violates every rule of good business. For this Government to remain solvent, the budget must be balanced, expenditures reduced, and a substantial payment must be applied to the public debt. The national income is now higher than it has ever been and this is our golden opportunity to reduce the debt while income is good. It will be hard to do later on when business is not so good. A child should understand those basic facts, but the Republican Party, with a weather eye to the 1948 elections, buries its head in the sand.

If the Republicans actually want to do justice in the matter of income taxes, they should give tax relief first to the lower income tax brackets. Except in wartime, there is no just excuse for taxing the bread and meat money of any man.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to consume to the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, to paraphrase Nathan Hale, my only regret is that I have but one vote to cast against this bill.

When the results of the general election in the fall of last year became

known, one of the first questions that came into the mind of the American people was whether or not the Republican Party would follow its traditional policy of catering to wealthy interests with almost total disregard for the welfare of the average little man.

All of their protestations to the contrary notwithstanding, the answer to this question is found in H. R. 1 which gives tremendous tax relief to those in the upper brackets and who are most able to pay while giving only a token relief to those who are at present forced to pay taxes on their bread and meat money.

I denounce this bill, H. R. 1, as nothing but an attempt to railroad through this Congress under the guise of general tax relief, a measure that ignores all of the original intent of the sixteenth amendment, the authority under which income taxes are levied.

The original intent of the sixteenth amendment was to provide a method of taxation according to ability to pay. This bill ignores that intention by giving the most relief to those most able to pay.

It is interesting to note that in the time of need for greater income to the Government, the heaviest increase in proportion to income is always laid on those in the lower-income brackets. Why then, I ask you, should not the same method be applied when trying to grant relief? I say to you that the method of tax reduction proposed in H. R. 1 is grossly inequitable. That the bill would give too little reduction to lower incomes and relatively too much to higher incomes can be seen by looking at the effect of the proposed reduction on net incomes after tax and by comparing taxes under the bill with those in effect before the wartime increases. Tax relief at the bottom of the income scale is not significant in relation to tax burdens at these levels and the incomes left after present-law taxes, by comparison, are disproportionately increased at the top of the scale. H. R. 1 would wipe out most of the wartime increases in taxes on very large incomes while leaving taxes on other incomes much higher than before the war.

In effect, this bill (H. R. 1) forgives the people who became wealthy during the war, of their obligation to pay for the war by placing them back on the same basis they were in 1939. They are the ones who should bear most of the load. The proponents of this bill say they are giving the little fellow relief in the form of 30 percent reduction. How much is 30 percent of nothing?

One of the big arguments by the majority in favor of this bill is that the large tax reductions in the higher brackets will promote prosperity and business conditions by releasing new capital with which to promote and finance industry. This argument is without basis at the present time. A tax reduction on the upper level would not contribute to the immediate expansion of business and employment above the current levels, because the supplies of raw materials, machinery and equipment and labor available for producing new investment goods are already being used at capacity levels. And speaking of investments, the official

records of the Treasury Department show that nearly 50 percent of the dividends of industry are received by those receiving incomes of less than \$5,000. This will show you where investment money in the past has come from.

If we are ever going to place this country on a sound business basis we have got to have a systematic method of reducing our national debt which now stands at approximately \$260,000,000,000. Why not start on this task while our national income is now at an all-time high? Preliminary estimates put the national income for the year 1947 at \$166,000,000,000 but according to reports compiled after January and February, it will be nearly \$177,000,000,000. This, gentlemen, is the time to reduce the debt while the national income is high. Then later in the event of a business recession, we can effect a large reduction in taxes and make a smaller payment on the national debt. Let me point out to you, gentlemen, that nearly \$5,000,000,000 in the proposed budget is solely for the purpose of paying interest on this tremendous obligation. A reduction in the national debt would automatically lower the interest item in the budget which would enable Congress to effect even lower reductions in taxes.

It is generally conceded that the family is the basis of civilized society. The inadequate exemption provided in the present tax law offers no inducement or encouragement whatsoever for a young wage earner to marry and raise a family because everyone knows that the present exemption will not cover the expenses of raising a child. Court records show that the largest share of divorce cases grow out of couples who have no children. Raising the personal exemption might be some small inducement to combat the high divorce rate in this country and at the same time make the basis of our society more secure.

The only equitable way of reducing taxes at this time is by raising the personal exemptions. The personal-exemption section of the income-tax law was originally supposed to keep the taxpayer from paying taxes on the necessities of life. The present exemption is too low to be even a token toward carrying out that original intent.

It is just not morally right to grant relief to the person with a lush salary while forcing the people in the lower brackets to pay taxes on money that is going for providing the necessities of everyday life. I again denounce this bill and say again that personal exemptions should be increased before any kind of percentage cut is made.

Mr. Chairman, the votes I have cast in this Congress offer conclusive proof of my regard for economy in Government. I would also like to cast a vote in favor of tax reduction, but I cannot favor tax reduction in the form embodied in H. R. 1. In the first place, we should first determine what our outgo is going to be before we try to establish the amount of our income. After this is done we should then reduce taxes from the bottom up instead of from the top down.



No, Mr. Chairman; this H. R. 1 is no more than an ill-advised political gesture; and since I have more regard for the welfare of the next generation than I have for the result of the next election, I must paraphrase Nathan Hale by saying that "I regret that I have only one vote to cast against this tax bill."

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to use to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I believe the time has come to make a start toward tax reduction. It has been necessary to have high taxes for the last 6 years. We have had to spend enormous sums of money to win the war. The people of the United States have all made sacrifices in many directions. We have bought war bonds. We have planted and cultivated victory gardens. We have canned vegetables, fruits, and food of all kinds. Men and women left careers and went into war-production plants. Boys and girls left school and college and went into the armed forces. We have denied ourselves and our families many needed articles, among which are shirts, shoes, clothing, furniture, washing machines, radios, automobiles, and other durable goods. We adopted the slogan: "Eat it up, wear it out, make it do." We have now just about worn out the 6- and 8-year-old automobiles, the shirts, the shoes, the coats, and many of the articles that we have been using in accordance with that slogan. The wage-earning taxpayer now needs relief in order to begin to replenish and replace some of these worn-out articles.

I do not think this bill gives enough relief to the low-salaried worker. If it lay within my power, I would amend this bill to give more tax reduction to the low-salaried worker. I am sorry that the House has voted to consider this bill under a rule which deprives Members of the right to submit amendments to it. No one has had an opportunity to submit amendments except the members of the Ways and Means Committee, to which the bill was referred. I believe this bill should be amended to provide greater reduction in the lower-income brackets. The only way this can be done is to recommit the bill. I shall vote to recommit the bill so that it can be amended to give more relief to the lower-income brackets.

I have given this bill serious thought and study. There are serious issues involved. In giving it this consideration, there are certain facts which appeal to me, namely, that with the war now over, the taxpayers need some relief from the heavy and unusual taxes brought upon us by the war. The term "taxpayer" includes practically every American citizen who works or who owns property. I have heard the statement advanced that we should adopt a sound fiscal policy and make a substantial reduction of the national debt before we begin to cut taxes. What does that mean? The national debt of the Federal Government is today approximately \$260,000,000,000. It is not seriously contended that this debt can be reduced at a greater rate than three or four billion dollars per year. If that is

the case, and it is the case, then, under that theory, it would be at least 25 years, and maybe 50, before we could begin to make any substantial tax reduction. I do not believe we should adopt that attitude. I am not willing to wait that long to begin. In my opinion the time to begin to reduce taxes is now.

I believe that debt payments and tax reduction should go hand in hand—that the debt should be reduced to some extent, and that taxes should be reduced to some extent, so as to relieve as much as possible the heavy burden of taxation which we are now bearing.

This problem is higher than political partisanship. It should be viewed from the standpoint of what is best for America, and not what is the policy of the Democratic Party or the policy of the Republican Party. The fundamental welfare of our entire country is at stake, and this question should be viewed from a nonpartisan standpoint. For these reasons I shall vote to recommit the bill so it can be amended to give greater reductions to the lower-salaried taxpayer. If it is not amended, then I shall vote for the bill as it is. From the standpoint of tax reduction, I believe that some reduction is better than none at all, and this bill, while it is not satisfactory to me, nevertheless is a step in the right direction—a step which I believe should be taken at the earliest possible date, and that date is today.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to use to the gentleman from Michigan [Mr. SADOWSKI].

Mr. SADOWSKI. Mr. Chairman, I am opposed to this Republican tax bill. This is a brazen sell-out to the rich and high-income groups. If any tax relief should be granted, in my opinion, it should come to those wage earners of \$5,000 a year or under, so that the purchasing power of the Nation may be maintained, and, therefore, prosperity and full employment may be realized. I also feel that income-tax exemptions should be raised to \$2,500 for married couples, and \$500 for each dependent. Single persons should have an exemption of at least \$1,500.

This Republican policy of high prices for consumers, high profits and high tax reductions for the rich, is already resented by the great masses of people, as recently demonstrated by the teachers' strike and the thousands of letters that I am now receiving. I think this spells the end of Republican rule in Congress.

This tax bill that is before us now represents a revival of the old Mellon-Hoover policy of siphoning off millions of dollars to the rich on top of the pyramid in the hope that some little bit will dribble down to the masses of people. This policy will create a lot of millionaires and then another depression, as we had under Hoover. The only way that we can have continued prosperity is to see that the purchasing power of the masses of people is maintained. A good many people are already wondering whether this bill is not really a big sledge hammer to smash the labor unions. They feel that this bill will fill the pockets of the wealthy with millions of dollars, and then they will close the factories and tell labor to

wait in the bread lines until they are ready to come to work at slave-labor wages.

The pattern that is being followed now by the Republican party is the same as they used after the first world war. They are shouting communism, while at the same time they are socking labor on the head with a whole sackful of antilabor bills and following a general policy of increasing prices and the cost of living for the workingman. Look at the recent school teachers' strikes—certainly no one can accuse them of being Communists. They do not even belong to a labor union, but they simply had to strike because they couldn't live on the salaries they were receiving. Now, during the war living costs increased considerably, but the factory workers were getting time and a half for overtime, and double pay on Sundays. This gave them sufficient income to meet the increased wartime cost of living. Now that the war has ended, these factory workers are employed only forty hours a week, and in some instances less than that. There is no more time and a half or double time. Their pay checks have shrunk about 40 percent, but the living costs have not come down. On the contrary, there has been a considerable increase in the cost of food, clothing, and everything since last June, when the Republicans, with the help of some of our southern Democrat-Republicans smashed Government controls. At that time they promised that "free enterprise would take care of the situation and living costs would come down." Now, instead of helping the workers, the disabled, the old-aged, the school teachers, and the white-collar help generally, they are proposing to hand over a gift of millions of dollars more to our rich profiteers.

Gentlemen, I say to you that the Republican Party is done. The masses of people realize that they made a terrible mistake last November. The Republican policy of high prices and inflation for the consumers and workers, and high profits and high income-tax exemptions for the rich profiteers will put them back in the Hoover political gutter. This tax bill will hand a full silk purse to the wealthy and a sow's ear to the lower income groups. Nine million taxpayers will get nothing. Twenty-five million taxpayers will get an average of \$34, and the rest goes to the rich. I remember when they came here with the infamous Ruml plan. Mr. Ruml, the stooge of the millionaires, talked about the poor workingman. The Republicans worked out a rebate plan, whereby about \$8,000,000,000 of taxes were to be refunded. When they got through the poor workingman and consumers that they cried and lamented about would get about \$1,000,000,000, and the rich would get seven billions. This bill stinks even worse than that one. This bill should be called the Knutson-Republican swindle bill.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may care to use to the gentleman from Texas [Mr. LYLE].

Mr. LYLE. Mr. Chairman, the passage of this bill by the Congress will forcefully demonstrate that this body under-

estimates the intelligence of the majority of the people in the United States.

It costs \$5,000,000,000 each year to pay the interest on the national debt. Translated into terms that I can understand, that means about \$35 for each individual each year as interest on the national debt, and it has been estimated that if we retire the debt in 100 years, it will necessitate the payment of over \$600,000,000,000.

Other than national security, there is no more important and vital problem for the people of this country today than the retirement of the national debt.

The levying of taxes is one of the most unpleasant duties of a Congressman in times of peace, but even more unpleasant than that would be to leave this Chamber today with a sense of having cast a cheap political vote.

Taxes are high, burdensome, and severe, but they do not equal our responsibilities in our quest for peace and decency. The statement made by the majority party that existing taxes are "a real threat" to the initiative and new investment essential to a high level of employment is not well founded.

In 1946 income taxes paid by individuals in America amounted to \$17,600,000,000. Expenditures by the American people for the same period for selected consumption of luxury items, and I list them, were \$17,600,000,000. Automobiles purchased for luxury purposes—a quarter of the total—cost \$686,250,000 and gasoline for luxury use cost \$1,323,000,000. Amusements last year cost \$2,171,335,969 and the purchase of furs for American women amounted to an expenditure of \$917,061,705. Luggage bought last year cost \$407,117,132; toilet goods cost \$477,872,426 and cosmetics, \$862,000,000. People of the United States spent \$1,830,287,495 for horse racing, and \$7,770,000,000 for liquor. It is revealing that our liquor bill parallels the amount we spent on veterans, who paid the highest price any man ever paid for liberty.

Certainly the greater part of the seventeen-odd billion dollars spent on luxury items was not spent by the low-income groups. People with less than \$3,000 a year are having a most difficult time securing the very essentials of life. How constructive and how pleasant it would be if the majority party would join with us to bring a measure of relief and security to these millions, who, under this bill, are certainly not receiving that relief.

For example, a married man making \$2,500 a year would get a reduction amounting to about 50 cents a week. A married man with no dependents, earning \$1,200 a year, would get relief of about 25 cents a week, or \$11.40 a year. On the other hand, a man making \$9,000 would get a reduction of \$372.40. Married people paying taxes on less than \$4,000 would actually and potentially be losing money by this bill. For instance, a married man with two children, paying taxes on \$3,500, will save \$57 per year under this bill. At the same time, he is saving \$57, his family will incur a potential debt of interest on the national debt amounting to \$140, which means

that he has suffered a net loss for the year of \$83. Of course, this isn't true for the higher-income brackets. For example, a Congressman would likely make a little money on the deal, but inasmuch as we have recently increased our own incomes, I believe it is fitting that we consider those who are in need of financial relief, and the only possible way for this Congress to materially benefit the average man is by reduction of the national debt.

Mr. Chairman, fortunately the people of this country are intelligent and well informed. They understand the issues at stake today. No individual Member of this Congress and no party will be able to purchase the preference of the people with such ill-conceived legislation.

I will join the Members of this House, of both parties, in an effort to drastically reduce the cost of Government, to balance the budget, and to retire the national debt. And then, Mr. Chairman, it will be my happy privilege to vigorously support a revision of the tax laws so that individuals and business institutions will be given proper relief and consideration in the light of our commitments and responsibilities.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, the experience of two world wars within a quarter of a century into which we were inevitably drawn against our will has convinced the American people that we cannot isolate ourselves from the strife of the rest of the world. We are, therefore, accepting our responsibility and assuming our rightful position of world leadership in an effort to promote international cooperation and durable peace among the nations. If, however, we are to maintain our influence abroad, we must remain strong and virile at home, which means that we must not only maintain our military strength, but that we must remain strong economically and fiscally as well. Any evidence of weakness on our part, particularly at the present time, would deprive us of our position of leadership and would have tremendous repercussions abroad which might easily lead to world chaos.

Moreover, our domestic prosperity and tranquillity are contingent upon our economic and fiscal stability. No nation can long remain strong without a sound fiscal condition which cannot be preserved under a policy of continuous deficit financing.

In fact, if democratic government is to survive it must be able to properly finance itself. Elected representatives are usually so anxious to satisfy the wishes of their constituents for increased governmental service and at the same time so reluctant to adopt the measures necessary to properly finance such services, that there is a growing tendency toward deficit financing as the course of least resistance. This tendency is becoming a serious threat to the form of government that we cherish.

The Federal budget has not been balanced for 16 years, and the Federal debt has pyramided by leaps and bounds during that period. In 1917, just prior to

World War I, the Federal debt was \$3,000,000,000. It rose to a World War I peak of \$26,600,000,000 on August 31, 1919. During the decade of the twenties there was a small surplus in the Treasury at the end of each year and the debt was gradually reduced to \$16,000,000,000 on December 31, 1930. It was then that our present era of deficit spending, brought on by the depression, was resumed. By the end of the fiscal year 1940 the debt had arisen to \$43,000,000,000. You will remember it was during that period we heard many arguments as to the ability of this Nation to carry a debt of such tremendous proportions. When some economists suggested that the debt might be increased to \$50,000,000,000 without too seriously affecting our national economy their views were severely criticized.

Then came World War II and arguments as to the policy or size of the debt became academic. Unprecedented expenditures which reached the stupendous sum of \$100,000,000,000 in 1945 increased the debt to an all-time high of \$279,800,000,000 in February 1946. This has been reduced to \$259,100,000,000 as of today. This reduction was accomplished by applying to debt retirement large outstanding Treasury balances which were maintained during the war, and not by surplus financing. At the beginning of the fiscal year 1948, however, the Treasury balances will have been reduced to a peacetime level and any further reduction in the debt must come from current surpluses. Likewise further current deficits will result in debt increases.

It is estimated that \$75,000,000,000 of the outstanding interest-bearing securities are owned by commercial banks; \$23,500,000,000 by Federal Reserve banks; \$11,500,000,000 by mutual savings banks; and \$25,000,000,000 by insurance companies, making a total of \$135,000,000,000, which constitutes more than 50 percent of the assets of those institutions. After World War I, Federal securities depreciated in value to such an extent that at one time \$100 bonds sold on the market as low as \$80. If we were to suffer a similar experience after World War II the solvency of every bank and insurance company in the United States would be seriously jeopardized. We cannot permit this to happen. To prevent it, we must maintain the faith of the American people in the fiscal stability of their Government, and this can be accomplished only by adopting sound fiscal policies.

Our present fiscal condition, therefore, demands that the budget be balanced for the fiscal year 1948, and that a definite program of substantial debt retirement be initiated immediately. Unless some progress is made toward debt reduction during the period of prosperity and inflation through which we are now passing, we will inevitably face disaster in the lean years which are certain to follow.

Neither of these objectives can be attained if we undertake to reduce taxes at this time. The President's budget estimated the receipts for the fiscal year 1943 at \$37,700,000,000 and expenditures at \$37,500,000,000 which would provide a surplus at the end of the year of only \$200,000,000. The receipts did not include the \$1,130,000,000 of revenue which



will result from continuation of war excise taxes as recommended by the President and enacted by the Congress. The addition of these receipts will, therefore, provide a surplus of \$1,330,000,000.

There has been endless talk by the Republicans of cutting the expenditures proposed by the President but the legislative budget is resting quietly in the conference committee where it was referred nearly a month ago because the Republicans cannot agree among themselves as to the size of this cut.

In the meantime, two appropriation bills have passed the House. The appropriations carried in these two bills totaled \$15,000,000,000, which represents 40 percent of the entire budget. After careful scrutiny by able subcommittees manned by the most vigorous Republican axmen these appropriations were actually cut approximately \$125,000,000, or less than 1 percent. This percentage applied to the entire budget will result in a total reduction of less than \$325,000,000. Of the remaining \$22,500,000,000 of the budget yet to be acted on \$11,250,000,000 is appropriated for national defense and \$7,343,000,000 for veterans' services and benefits. Unless, therefore, these items are greatly reduced the prated Republican economies will become as mythical as their campaign promises.

Not only is it becoming more apparent day by day that there will be no drastic cuts in the expenditures recommended by the President, but we must recognize that the international situation may require increased expenditures in support of our foreign program. Already an appropriation of \$400,000,000 has been recommended for Greece and Turkey. I dare say there is not a single person in this House who does not fear that this is the beginning rather than the end of such expenditures. We are living in critical times in which the exigencies of the occasion shape our policies rather than the dictates of our own desires.

Mr. Chairman, I shall not discuss the provisions of this particular bill. Its defects have already been forcibly disclosed on the floor of this House.

The gentleman from Tennessee [Mr. GORE], pointed out that this bill will switch the burden for paying the war debt from the high bracket to the low bracket taxpayers. May I remind you that most of the veterans of World War II are in the lower brackets. So that the effect will be to shift the burden of the payment of war debt to those who won the war.

May I say in closing that I favor a reduction of taxes at the earliest moment conditions will permit. The war has left us with tax and other burdens which are oppressive to our people, but our present fiscal situation demands that we defer all tax reductions until the budget has been balanced and a definite program of reasonable debt retirement has been adopted. Thereafter we can apply surpluses over and above the debt requirements to tax reductions with a clear conscience and with the knowledge that we are following sound fiscal policies. Such a course will strengthen the faith of our people in the stability of our Government and promote our prestige and

influence abroad. Any other course at the present time is fraught with grave danger.

Mr. REED of New York. Mr. Chairman, Andrew Mellon, Secretary of the Treasury, had this to say in his Treasury Annual Report of 1925:

While taking the people as a whole it is immaterial when the debt is paid, still, as between different classes of people, the investing class holding the bonds and the producing class from whom a larger part of our taxes are collected, inequality may exist. We should not tax too heavily the producers to pay the security holders. It is for this reason that we have sought a balance between debt reduction and tax reduction.

We come now to the other principal factor in debt reduction, that of surplus, which has accounted to date for over one-third of the reduction in our debt. It is proposed to exhaust this surplus by reducing taxes. This is sound policy. A surplus of Government receipts over expenditures should be distributed just as the profits of any other mutual organization are distributed, among its members—the taxpayers—through a reduction in their forced contributions to the State.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. ELLIS].

Mr. ELLIS. Mr. Chairman, this bill has been discussed 2 days by the best informed men in the Congress on the subject of taxation.

There is no mystery about its provisions; there is no doubt about its import. Consequently, my chief purpose in making this brief statement is to lend my unqualified and enthusiastic endorsement to the tax-reduction measure and to let the people in my district know that I am in complete accord with the leadership of my party in its determination to reduce taxes; reduce the budget; terminate waste and useless spending in Government, and make a substantial payment on the national debt. This is the first step on the road to the accomplishment of our objective.

This is a good bill and it will be a refreshing experience for the hard-pressed taxpayers of this Nation to observe that common sense and stability are again, in a large measure, dominating the consideration of fiscal problems by the Congress.

One of the basic principles woven by our forefathers into our form of government is the sacredness of private property.

The growth of the tax burden on our people has reached the punitive and confiscatory stage. The over-all annual-tax burden of the country—Federal, State, and local governments—has grown from \$10,500,000,000 in 1933 to the staggering sum of \$105,000,000,000 in 1945.

This record is shocking and indefensible. The people demand tax relief and they are going to get it. This is the first step. We lighten the burden by approximately \$4,000,000,000 and as far as the majority party is concerned, taxes are going to be reduced again, again, and again until the opposition is sick and tired of the battle and surrenders to the ideals of sanity and intelligent direction in Government.

I am happy to have the opportunity afforded me in supporting this bill to reduce the taxes of our people.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. CHURCH].

Mr. CHURCH. Mr. Chairman, it is not my purpose to discuss the details of the bill before us, providing for a reduction of the individual income taxes of our people. The details have been ably presented by the members of the Committee on Ways and Means which reported the bill. I take this time to express, in behalf of the people I am privileged to represent, my full support of this legislation and to make a few general observations concerning it. I particularly desire to comment on the arguments that have been advanced by our Democratic friends on the other side of the aisle in their vigorous opposition to this bill.

The report filed by the minority members of the Ways and Means Committee, recommending recommitment of the bill to the committee, contains some rather startling statements in the light of record. In my opinion, the report is nothing more than a political document, in which the minority advocate principles which they in fact never support. Deeds, not words, is the test, and I do not think the people will be deceived by the rhetoric when the minority's voting record speaks so loudly.

In opposing this bill the minority have placed great stress on the relationship between expenditures and revenue. They say, and quite correctly, that in order to have a reduction in taxes there must be a reduction in Government expenditures. They say, and I quote from their report:

The minority shares the conviction that every possible economy must be made in Federal expenditures.

The fact is, Mr. Chairman, that the gentlemen on the other side of the aisle have consistently opposed every effort we have made for reducing Government expenditures. When we had before this House from the Joint Committee on the Legislative Budget, on which I have the honor to serve, the resolution to fix the ceiling on expenditures at \$31.5 billion, representing a reduction of \$6,000,000,000 in the President's recommended budget, the minority argued that we should delay fixing any ceiling and, failing in that, they argued that the reduction should be at the very most not more than \$4,000,000,000.

We have had three appropriation bills before this House: the Urgent Deficiencies bill, the Treasury and Post Office Departments bill, and the Labor Department-Federal Security Agency bill. In each of these bills the Committee on Appropriations, on which I serve, made substantial reductions in the budgets. And the House supported our committee. But, as the record clearly shows, both in committee and on this floor, the gentlemen on the other side of the aisle opposed practically every proposed appropriation reduction. They offered amendment after amendment, and de-

livered speech after speech, in an effort to restore our reductions.

The minority may say in their report that they share the conviction that every possible economy must be made; but, Mr. Chairman, I have yet to see that conviction expressed in votes, in committee or on this floor, for realizing economy. The record speaks for itself. It loudly proclaims that the gentlemen on the other side of the aisle believe in the doctrine of spending and taxing. They have opposed economy and today they are opposing reducing taxes. They created this great public debt and they created this existing tax burden. Spend and spend; tax and tax, is their true philosophy.

The second argument advanced by the minority in opposition to this bill is that no tax reduction should be made until a comprehensive study of the entire Federal tax system has been made, and they emphasize the "important structural, administrative, and procedural tax problems" that have accumulated. As to the need of a general overhauling of our entire tax structure, I am in complete agreement. On any number of occasions since I have been a Member of Congress, I have contended that there should be a general revision of our taxes. It seems to me rather strange that our Democratic friends, who have had complete control of this Government for 14 years and who have had a majority in Congress for 16 years, should now come forward with the argument for the need for a revision in our entire tax structure. Mr. Chairman, it is what we would characterize in the law as a "dilatatory plea." How else can one characterize it, when those who make the plea have had at least 14 years to do the very thing they now plead we should do before we do anything else.

Mr. Chairman, the bill before us provides for a flat 20-percent reduction for most income-tax brackets, with two exceptions. A 30-percent reduction has been provided for individuals with surtax net income of \$1,000 or less; and with respect to surtax net incomes over \$302,000 the reduction has been limited to 10½ percent. This means that the committee has accepted the graduated rate schedule based on the principle of the ability to pay and has endeavored to treat all taxpayers fairly. And, most important, the committee proposes to provide a reduction in taxes so as to stimulate venture capital and furnish incentives.

I should like to call your attention to the report of the Committee on Post-war Tax Policy, under the chairmanship of Roswell Magill, published in February of this year, entitled "A Tax Program for a Solvent America." At pages 80 and 81 of this report you will find the following, which, in effect, is an endorsement of the bill before us:

One step which we believe can and should be taken now is a revision of the surtax rates. These rates still stand very close to the peak established under the stress of war financing. Indeed, short of complete confiscation, they could not be much higher. We believe that they are so high as to provide a powerful deterrent to our productive effort. In fact, we are convinced that the effects of the kind of taxation which is now imposed upon individual income extend far

beyond the individuals immediately concerned and involve the incomes and well-being of people generally.

Every citizen has a vital stake in the welfare of the economy in which he lives and works. Regardless of what he does or what his own income may be, he will be better off with respect to both cash income and real income in proportion as there is vigor and growth throughout the economic system. The essential condition of this vigor and growth is a reduction of the tax load, not merely for small incomes, but for all incomes.

Mr. Chairman, it is difficult to translate into tax rates the principle of "taxation according to the ability to pay"; but, insofar as it is possible to do so, I believe we should adhere to that principle. I believe in progressive taxation. But that progression can be such that it completely destroys individual initiative and incentive. The rates can be so severe, as they are today, that one is not willing to make that extra effort and to assume that extra risk which contribute to our national growth and well-being. It is my conviction that with the reduction in the rates as proposed in this bill, people will again be willing to risk investing in new ventures and willing to exert new efforts, and our whole national economy will move forward. It is when our economy expands that our people as a whole have employment and better wages in terms of purchasing power.

For the past several years, our country has been in the hands of those who believe that America really has no future. They could see no new frontiers to be conquered and they have kept us in a static condition. On this side of the aisle we believe that America has a great future, that there are new frontiers to be conquered, and by such legislation as this we propose to attain an economy of abundance. We propose to revive the American spirit of free competitive enterprise.

Mr. Chairman, this bill should have the support of everyone who believes in the importance of the individual in the American philosophy of government, as opposed to the alien philosophy that dignifies the Government rather than the individual. This bill is a return to the American principle that each man is entitled to a just share in the fruits of his labors.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, I did not intend to take the floor in support of the bill under consideration, but after listening to the addresses of the gentlemen who have been lightly described as composing a mythical firm of DINGELL, ENGEL, and GORE, I believe that I should say something about another tax-reduction bill that was before the House not so long ago as time is measured. It was in the good old New Deal year of 1945 that that measure was before us.

Because of what the genial gentlemen who have been described collectively as DINGELL, ENGEL, and GORE had to say about the gross inadequacy of the relief granted by H. R. 1 to those in the lowest bracket, the ones whose net taxable income does not exceed \$1,395, it occurred to me that a comparison of the relief granted to this bottom group under the

Democratic tax-reduction program of 1945 with that which the Knutson bill of 1947 would afford would be helpful—illuminating, to say the least.

So I asked the one who is, in my opinion, the greatest living tax expert, Mr. Colon F. Stam, chief of staff of the Joint Congressional Committee on Internal Revenue Taxation, to apportion the tax relief, as afforded by the Democratic tax-reduction act of 1945, among the taxpayers as they fall within the classifications set up by the Knutson bill and to fix the percentages of the total relief granted to each group.

The result of these calculations was impressive, very much so in the light of the somewhat explosive protests of the gentlemen of Michigan [Mr. DINGELL and Mr. ENGEL] and the gentleman from Tennessee [Mr. GORE] against the pending bill.

Under the Democratic Tax Reduction Act of 1945, those within the \$1,395 bracket, were given 27.2 percent of the total relief granted by the act. Under the Knutson bill, taxpayers within this classification will get 33.6 percent of all of the relief which H. R. 1 will afford.

Under the Democratic Tax Reduction Act of 1945, the taxpayers within the middle bracket, that is, those with net taxable incomes of from \$1,395 to \$302,000, got 72.4 percent of the total tax reduction granted. Under the Knutson bill, the taxpayer will get but 65.2 of the total relief which H. R. 1 will afford.

Under the Democratic tax reduction program of 1945, the taxpayers of the top bracket, those who have net taxable incomes of more than \$302,000, were given four-tenths of 1 percent of the total relief granted, but six-tenths of 1 percent less than the Knutson bill will grant to these more fortunate individuals.

But where does this comparison leave the distinguished members of the firm of DINGELL, ENGEL, and GORE? Why do they protest so vigorously against the Republican tax-reduction bill that deals so much more considerably with the group in the lowest bracket than did the Democratic Tax Reduction Act of 1945? And why were they so silent when the then Democratic majority was dealing so niggardly with those who were on the bottom rung of the tax ladder?

Just why is a Republican tax reduction bill so bitterly excoriated when a Democratic tax reduction bill which is far less considerate of the little fellows, escapes even the mildest of criticism? And that seems to describe exactly what has happened.

Why did we not hear the golden voice of the gentleman from Tennessee [Mr. GORE] in an impassioned plea for the downtrodden taxpayers in this lowest bracket in 1945? Why was not the eloquent voice of the gentleman from Michigan [Mr. DINGELL] raised for a better break for those that compose this less fortunate group? Where was the gentleman from Michigan [Mr. ENGEL] when the New Dealers of that day were doing dirt to those over whom his tears are now falling?

Mr. Chairman, is it possible that anyone could be playing politics with this tax reduction measure, seeking to make political capital of a just and equitable program? Certainly not these genial



gentlemen to whom we have affectionately referred so many times under the euphonious designate of DINGELL, ENGEL, and GORE.

But all this notwithstanding, permit me, Mr. Chairman, to conclude my re-

marks by spreading upon the pages of the CONGRESSIONAL RECORD the calculations of the chief of staff of the Joint Committee on Revenue Taxation to which I have so frequently referred. They are, in tabulated form, the following:

Surtax net income class	Number of people benefited	Their tax saving under—		Percentage of total reduction	
		H. R. 1	1945 act	H. R. 1	1945 act
		Millions	Millions	Percent	Percent
\$1 to \$1,395.....	31,151,559	\$1,242	\$1,180	33.6	27.2
\$1,395 to \$302,000.....	15,531,673	2,411	3,150	65.2	72.4
\$302,000 and over.....	567	43	20	1.2	.4
Total.....	46,683,799	3,697	4,350	100.0	100.0

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BUCK].

Mr. BUCK. Mr. Chairman, during the course of this debate everything appropriate to the bill has already been said. I therefore content myself with saying that I shall support the bill enthusiastically.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, "The power to tax is the power to destroy." The highest court in the land rendered that decision during the early history of our country. Never before has the truth of that statement been more apparent than today.

Government is now reaching into the pockets of our people and taking out one-third of all they earn or make. Can any government long endure under such a burden? Republicans told the people in the last campaign that they would reduce taxes, the cost of Government, retire the national debt, and stop wasteful spending of public funds. The people registered their faith in such promises. This bill, H. R. 1, proposes to carry out that promise by reducing the income taxes of every taxpayer in the United States. It has my unqualified support.

Free enterprise has been dying in our country. Venture capital is vanishing from the American plan of life. Incentive to work, save, and expand has been killed by excessive taxation. To buy and sell, barter and trade, have been restricted and retarded by the ever-present threat of confiscatory taxes.

This condition must be corrected, and the bill before us is intended to do that.

The workingman and all our people in the lower-income brackets, including those who earn or receive incomes up to \$3,300, are given the greatest relief. That is as it should be. That relief under this bill is a 30-percent reduction in their taxes. It will apply to 25,000,000 of our people who pay income taxes. All others generally will be benefited by a 20-percent reduction up to \$300,000. Above that amount, 10½-percent reduction is allowed.

The passage of this bill will revive hope and encourage our people to go forward

again to a better day for America. It will stimulate greater effort in the domestic affairs of the Nation. This will result in an increase of revenue, as many precedents have shown. Australia, New York, and Iowa have reduced wartime taxes and received increased income. I predict a similar result for the Federal Government, which will reduce the national debt.

The fallacious theory that we can spend ourselves into prosperity has come to an end. Tax slavery shall be abolished as human slavery was abolished. With the passage of this measure, people will no longer be able to say, "What is the use of working or trying to make money while the tax collector takes the most of it?"

This legislation means a larger take-home pay envelope for the average wage earner to support himself and his family. It does away with wartime taxes in peacetime. We move in the direction of strengthening our economic structure. Without a solvent and strong America, we cannot meet our obligations to those who fought the Nation's battles, nor can we maintain a position of world leadership at a time when freedom-loving nations everywhere look to us for light in a darkened world.

I shall keep faith with the people of my district, for whom I speak, by keeping my pledge to reduce their tax burden by voting for this bill.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. MCGREGOR].

Mr. MCGREGOR. Mr. Chairman, I am going to vote for H. R. 1, a bill to reduce taxes, because I think it gives aid to every man, woman, and child in these United States. I think it is about time we gave more consideration to our own people. This bill, H. R. 1, will do two things:

First. It will give income-tax relief for all individual taxpayers.

Second. It will give an incentive to venture capital and allow business expansion which means more work and more income for all.

This bill, Mr. Chairman, also gives special recognition and exemptions to taxpayers who have attained the age of 65. I have been especially concerned about this group. Many of them, including re-

tired groups, such as retired school teachers, policemen, municipal workers, and others who have retired from private industry, have as their sole source of livelihood, the small amount which they receive as a pension, annuity, or retirement pay. H. R. 1 allows each taxpayer in this age group, an additional exemption of \$500, making a total personal exemption of \$1,000.

This bill, H. R. 1, is equitable and fair. The people want relief from high taxes and high living costs. This is not a political measure. Politics should be forgotten and we should all vote for this bill and give to the people the aid and relief which they so justly deserve.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I have given a great deal of care and study to the provisions of this bill. There are numerous provisions which I would much prefer changing. Suggestions have been made for more relief to the small taxpayer than the provisions of the bill give. Other suggestions have been made for a better handling of this problem.

This is, however, the only bill presented to us for vote. I believe the time has come for a reduction in taxes. The burden borne by the American people during the war in carrying extremely heavy taxes in time of peace becomes truly oppressive. Some reduction should be made, and tests to be applied in the reduction should be based on the ability to pay.

I have repeatedly told my people at home that tax reduction and debt reduction should go hand in hand. It is imperative that our debt be reduced in an orderly and businesslike manner. I hope this Congress will take up this problem at an early date and will make suitable provisions for annual debt retirements. Without some tax reduction, our people may lapse into a condition where they will feel the burden is too much to carry in normal times.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Chairman, I am opposed to H. R. 1 because it does not give tax relief where relief is badly needed. In this age of rising and inflationary prices individuals in the lower-income brackets are finding it increasingly difficult to make ends meet. H. R. 1 does not furnish the solution. To the married man making \$100 per month the total relief will amount to only 22 cents a week. The taxpayer making \$300,000 per year will save about \$47,000 in taxes. In my opinion, the simplest and surest way of granting relief where relief is sorely needed is by increasing the personal exemptions of individual taxpayers.

I am also opposed to H. R. 1 because it will shift the burden of paying for the war from the shoulders of those most able to pay to those in the lower- and middle-income brackets.

I further oppose this bill because I think we should balance our budget and

pay our national debt while our income is high. In 1946 our national income reached an all-time peak. This is no time to cut taxes in the higher brackets.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to this bill—not so much from a standpoint of opposing the reduction of taxes—but primarily because this bill is a tool of the autocratic Republican Party which has never regarded the needs of the little man. If they must reduce taxes, certainly first relief should be given to the poor devil who must scrape the bottom of his dusty pockets in order to pay the exorbitant prices for his cornbread, peas, and turnip greens which have resulted from the application of Republican "economy." There is no justice in this bill; it relieves none but those who need relief least; it does not relieve the man who needs relief most, and is but a smoke screen thrown up to protect wild, promiscuous political promises made by Republicans in the North and East and West in their desperate grab for power. If taxes must be reduced, the only fair way to do so would be by raising exemptions and not by any spurious across the board plan.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, I do not like to disagree with my good friend, the able gentleman from North Carolina [Mr. BONNER]. Yet, I cannot permit to remain unanswered the statements he made here Tuesday regarding the appropriation for the Coast Guard in the Treasury-Post Office appropriation bill recently passed by the House unanimously. I understand his anxiety for he has long been a friend of the Guard even as I have. All of us salute this service on its enviable record, its contribution to victory in war. All of us know it has a big peacetime job.

When the Treasury bill was before the House I made the statement that—

The Coast Guard is attempting to build itself up into a full and complete replacement for the independent Navy.

I repeat that statement today. My colleague takes exception to this. May I point out to him and the House that the record speaks for itself. This year the Coast Guard originally requested \$232,000,000. Now, please listen. In 1935 the total appropriations for the Navy Department amounted to \$284,658,000. The Navy Department appropriations for the years 1930 through 1935 averaged \$335,000,000. Thus, it is established, the Coast Guard this year asked for an amount equal to 70 percent of the Navy's average appropriation for these prewar years. And the Chief of the Coast Guard Planning Section told our committee in this year's hearings that 1948 would be a base year with increased appropriations requested in the years to come.

The gentleman from North Carolina goes on to say that the committee failed to give any evidence of "the waste, the extravagance, and the grandiose schemes" of the Coast Guard. I am afraid he has not made a study of the printed hearings, the report accompanying the bill, and the speeches on the floor. And certainly he minimizes the slashing of the guard's 1948 requests by the Treasury and the Bureau of the Budget. I will not take time to repeat all the evidence. Concrete examples were given the House by the hard-working gentleman from North Dakota [Mr. ROBERTSON] on page 1878 of the CONGRESSIONAL RECORD; by the alert gentleman from Ohio [Mr. GRIFFITHS] on pages 1883 and 1884 of the RECORD; and my own statement which appears on page 1875. You will also find on page 1880 the statement by the diligent gentleman from Virginia [Mr. GARY].

The facts are that the Coast Guard has expanded considerably during the war. The committee felt that the time has come when we should begin to eliminate some of the wartime activities.

I might also refer you to page 1884 of the RECORD wherein the gentleman from Ohio [Mr. GRIFFITHS] called for a consolidation of training programs. The gentleman from North Carolina [Mr. BONNER] arose to say, "I agree with the gentleman." That there was waste, extravagance, and overexpansion is amply borne out by the testimony on pages 570 through 731 of the printed hearings.

I must take sharp exception to my colleague's statement that there is no evidence to show that when forced to reduce personnel the Coast Guard retains admirals and dismisses enlisted personnel. One answer might be this, "Just ask the enlisted personnel." I ask the House to review page 587 of the hearings. Please note also that after World War I, the percentage of officers to men increased. Captain Richmond proceeds to tell us:

In 1932, during the depression years, the officers were way out of line because, of course, we were forced to reduce drastically. We did that by letting men out of the service.

If my colleague still feels that those in charge of the Coast Guard have not been off the beam and that our committee has been unjust, let me ask him to read carefully the report that accompanied the 1947 appropriation bill for the Coast Guard, a report submitted by the distinguished gentleman from Indiana [Mr. LUDLOW], whom none has ever accused of vilification or improprieties of any kind.

The so-called Ludlow committee last year, disturbed over the Coast Guard's presentation, directed an investigator to go to the Guard's headquarters and make a check-up. As a result the committee, in its report, had the following to say on two phases—administration and the truth:

The committee's study of this item leads to the conclusion that the offices charged with responsibility for over-all management of the headquarters organization are not suf-

ficiently familiar with details of administration and that there is not the measure of control over such matters as should obtain. The committee shall expect this situation to be corrected in the near future and that it will not again be confronted with testimony which varies from the real situation.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may require to the gentleman from Texas [Mr. WORLEY].

Mr. WORLEY. Mr. Chairman, I take this time for the purpose of keeping the record straight. The gentleman from New York [Mr. REED] has stated that the recommendations of the House Postwar Committee on Economic Policy and Planning advocated tax reduction. He is correct in that statement but he inadvertently left out the major recommendation of that committee, namely, that first, the budget should be balanced and a surplus created before any substantial tax reduction was made.

As the gentleman from New York pointed out also, there were a number of able and outstanding members on that committee, including the following members of the Republican Party: Mr. Charles L. Gifford, of Massachusetts; B. Carroll Reece, of Tennessee, who is now chairman of the Republican National Committee; Richard J. Welch, of California; Charles A. Wolverton, of New Jersey; Clifford R. Hope, of Kansas; Jesse P. Wolcott, of Michigan; Jay LeFevre, of New York, and Sid Simpson, of Illinois.

As I recall, the vote on this report of the committee was unanimous, and as a matter of fact, I have never served on a committee in which less politics or partisanship was present. We did not consider any of these problems from the standpoint of anything except what was for the best interests of this Nation's welfare.

Referring further to the report, I quote from page 66:

In its ninth report, issued March 4, 1946, the committee called attention to the inflationary forces existing in the economy and stated that it was convinced that effective control over these forces was impossible without strong fiscal and monetary countermeasures. Among the measures which it stated should be adopted were curtailment of Federal expenditures, balancing the budget in the fiscal year 1947, and in the following year creating a surplus to be applied to the retirement of the public debt.

Further along on the same page is the following excerpt:

All those who have studied fiscal policies of the Federal Government, however much they differ on other views, agree that during a period of high employment and income there should be a surplus in Federal revenues to apply toward reduction of the debt. It forebodes danger for the future if we cannot under these very favorable conditions handle the fiscal affairs of the Government in such a way that the budget can be balanced. The committee strongly urges that additional efforts be made to reduce expenditures during the remainder of the fiscal year so that the budget can be brought into balance and a surplus created.

The committee took the same realistic attitude of Government fiscal policy as



an individual takes in managing his own financial matters, namely, that you can never get out of debt unless you begin paying and you cannot begin paying if you do not have the money. Further on, this doctrine is more concisely stated on page 70 in the following excerpts:

The committee still feels that under the present economic conditions the prime concern should be the balancing of the budget and the creation of a surplus in order to reduce inflationary forces.

And the concluding quotation reads as follows:

The issue should be faced squarely and realistically by the Eightieth Congress. If the budget cannot be balanced now when the Nation is enjoying its highest peacetime income, it is absurd to contend that it can be balanced in an era of recession or depression.

The committee quite logically placed the major emphasis on trimming Government spending, balancing the budget, making substantial payments on our national debt while we have the money, and reducing taxes as soon as sound business judgment and a strong fiscal policy will permit.

Mr. DOUGHTON. Mr. Chairman, I yield the balance of the time remaining to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I have enjoyed this debate—and I have heard most of it. The majority of it has been on the bill, which I was glad to see. It has been a very informative debate. Yesterday I felt a little sorry for my friends on my left and was glad when the time for debate was extended. I said yesterday that, of course, our people could attend to this matter in 3 hours, but I thought that it would take at least 5 hours for our Republican friends to even begin to justify the actions that the Committee on Ways and Means took and that the House in a short while will take.

I have always thought from way back that the Republican Party at least said it stood for a 100-cent dollar, for sound currency, for a balanced budget, and for paying our debt when we had prospects of having the money to do it. I have talked to a great many people, big and little—big incomes and little incomes—since the first of the year. I have yet to find one who did not tell me he thought the most vital thing in the Government was to protect the value of our dollar and pay something on our debt while we had the means of paying. That may not be the situation 3 or 4 or 5 years from now—who knows?

Someone spoke about risk capital. In these times is there any impeding of risk capital when capital is being used to such an extent that everybody in the United States who wants to work is employed? The thing that is going to bother capital and anyone who has a dollar in the years to come is what that dollar is worth when he goes to the store to buy something. We must, in my opinion, we must pay as much as possible upon our national debt in this most prosperous time that we have ever known. I say if you take \$3,800,000,000 from the Treasury

receipts and there are others who say that your bill would reduce revenues by \$5,700,000,000, I do not see how you are going to sustain the Government and pay anything on the public debt.

I think this is an untimely thing. I think the gentleman from Illinois [Mr. MASON], stated the problem very clearly when he asked two questions: one, is this the time to reduce taxes; and, two, is this the way in which to reduce taxes?

My answer to the first question is that this is not the time. We do not have enough information. We do not know what our ultimate commitments are going to be because nobody can tell what the appropriations are going to amount to. We cannot even make a wild guess. Of course, you can guess \$6,000,000,000—you can guess \$4,000,000,000 or \$3,000,000,000 or \$2,000,000,000. But just a little political advice to you. You would have been in so much better shape before the country about reducing expenditures if you had said you were going to cut to the bone and every dollar that was possible. Then you might have reduced the President's budget by a billion and a half or two billion. Two billion dollars is still a lot of money, even in the United States of America. You would have gotten credit for that. But now, since you have said you can reduce it \$6,000,000,000, and you reduce it only a billion and a half or two billion, you are going to have great disappointment in this country. The people who are spending money for things to eat and wear are interested in what their dollar is worth. They do not want a 59-cent dollar. They want a dollar that is worth a hundred cents when it comes out of their pocket and goes over the counter, or as near that as possible. So in order to have that sound economy that our friends on the left have talked so much about and are doing so little about now; in other words, instead of making that dollar sounder, in my opinion, by your action here today you are making it less sound, because you are going to deplete the money in the Treasury so much that you cannot make a sounder dollar by paying on our Federal obligations. I thought before this debate closed I would just call these two or three little things, in all sincerity, to your attention.

Mr. REED of New York. Mr. Chairman, at this point I wish to say that the party on the other side gave us the 59-cent dollars. They gave us the national debt. They gave us the inflationary measures. They gave us the spending program. It is rather unusual to see them take the floor now and shed tears about the future of this Republic. The Republican Party never sought to overthrow this Republic. It did have to spend a great many lives to save this Republic. This party does not believe in the question of slavery. It never did. We are not going to make tax slaves out of the people. We are going to lift this load and we are going to do what we have done before. We are going to relieve this country from the peril which the other party has brought upon the country. We are going to relieve people

of that fear, and from now on we are going to have prosperity; we are going to have debt reduction and we are going to have tax reduction. I am sure that these people are not so worried about what is going to happen to our party as a result of this bill. They are not shedding tears over that. It will not change a vote for them to stand there and weep over what may happen to the Republicans because they vote for this bill.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Missouri.

Mr. SHORT. We have always had a 50-50 agreement with our Democratic friends about debts. They make them and we pay them.

Mr. REED of New York. I thank the gentleman.

The CHAIRMAN. The gentleman has consumed 2 minutes.

Mr. REED of New York. Mr. Chairman, I yield the remainder of my time to the gentleman from Indiana [Mr. HALLECK].

The CHAIRMAN. The gentleman from Indiana is recognized for 15½ minutes.

Mr. HALLECK. Mr. Chairman, of course we always enjoy listening to the gentleman from Texas, the very eminent minority leader [Mr. RAYBURN]. I had not thought that I would participate in this debate, because I think the views of those on our side have been pretty well established by members of the committee and others who have debated this very momentous proposition. However, in view of some things that have been said, I feel constrained to respond.

I am not so sure but that the gentleman from Texas really would prefer that instead of going ahead with a tax reduction now—a tax reduction that is needed, badly needed for the welfare of the country—he would like to have us forego it so that sometime, possibly quite soon in the future, he and his people might say: We propose tax reductions. And thus undertake by that procedure to establish some credit in the country for themselves for having brought about a tax reduction.

I have been a little amused at the difficulties of some of the folks on the other side of the aisle. They do not know whether to be for tax reduction or against tax reduction. It is quite evident and I think it ought to be understood in the country, that fundamentally and primarily they are against tax reduction. True, they may say that they are for tax reduction but we should not have it now, which really is to say they are not for tax reduction at all. I think it has been quite definitely established that now is the time for tax reduction.

Some of you have contended that more of the tax reduction should go to the so-called little fellow. But in your professed solicitude for the little fellow, let me remind you that you have to have some tax reduction before you can help anybody. If you are not for any tax reduction at all, which you have indi-

cated to be your position, certainly you are not for helping the little fellow.

The proposal before us today recognizes the problems of the low-income groups by the added benefit that is given that group. There is this additional factor in this whole proposition which you ignore: The man who works for a salary wants and needs some tax reduction to help him, but beyond that he needs to have a job to realize income out of which he can pay taxes. He must first have a job at good wages. And it is only a strong, functioning, productive economy that will give him the sort of job at good pay out of which he can and will gladly pay taxes.

Reference has been made to the question of the value of the dollar. We, of course, stand for a sound dollar. As the gentleman from New York pointed out, among other things that have happened the reduction in the value of the dollar cannot be laid at our door. That will be laid at the door of you people on the other side of the aisle. However, that is water over the dam.

What are we now facing? We face a situation under which I think we must all recognize that the value of the dollar can be maintained only by the maintenance of a strong, functioning, productive economy. Certainly tax relief is now necessary if such a functioning economy is to be maintained in the country.

Some argue that debt reduction should precede tax reduction. In keeping with our program to give new life and vigor to our economy, we are going to have tax reduction and we are also going to have debt reduction. But let us pursue the argument of those who say that debt reduction is the only thing to be achieved, and the suggestion of the gentleman from Texas that everything that might be saved should be applied on the debt, that we ought to tax and tax to get more money to apply on the debt. If you followed that theory to the end, then you would raise tax rates to take more out of the economy to pay on the debt. That could be pursued to the point where we would be killing the goose that lays the golden egg. That suggestion, of course, has not been made now, but if these tax rates are too high, as they now are, then we are in the process of stymieing and hamstringing our economy. Our economy would be doomed to a static condition. Certainly that is not the way, in the long run, to pay the debt.

Let me point this out to those of you who contend these rates should be maintained as they are now: We have changed from a wartime economy to a peacetime economy. If these rates are not too high today in a peacetime economy, then you did not have them high enough in the wartime economy. During the war billions and billions of borrowed dollars were being pumped into our economic bloodstream. It was our responsibility and your responsibility as the majority party to take the maximum out of the revenues and income of the country in order that we come as closely as possible to a position of pay-as-you-go in the war.

Why, for any one to contend that this country can go on with this schedule of wartime tax rates and at the same time provide a highly effective functioning peacetime economy to my mind fail to recognize the very essentials of our whole economy.

Mr. Chairman, we voted for a reduction of \$6,000,000,000 in the President's budget. The other body voted for a reduction of \$4,500,000,000. I have seen it suggested that the minimum figure being considered in the conference is \$5,250,000,000 as a reduction. In addition to that, it has been pointed out that the estimate of revenues is too low and there is every indication that the revenues will be over the estimate. Certainly that clearly points to the truth of the assertion that this tax relief so badly needed, so sorely needed by all of our people, can be accomplished to the end that we do maintain a strong, effective, productive economy and, at the same time, begin paying off on the national debt. That is the way, I may say to the gentleman from Texas, that we will maintain the value of the dollar, and it is the only way I know of to maintain the value of the dollar.

So, Mr. Chairman, we are going to pass this bill. I know that it does not suit the PAC and some of the folks who stand with the PAC; but, you know, they are not writing this tax bill.

Some solicitude has been expressed on the Democratic side for the political consequences to us Republicans by our passage of this legislation. Possibly I am a little old-fashioned, but I have always thought that the best politics is to do right. That is what we are doing here and history will prove it. Sometimes we have got to look out a little for this very fine advice that is offered us. I have said for a long time that if I believed something were right, that something was in the national interest, I would support it without regard to its political effect upon my party or the political future of my party. I have sought in my time in the Congress to follow that precept. I am following it today. And I have no fear, because I think that on this as on many other occasions it will be established that we are right.

Mr. Chairman, I can discern in this solicitude shown on the other side of the aisle for our political chances some sort of an indication that what you are really afraid of is that we are doing the right thing, that we are going to cut the cost of Government, that we are going to respond in that way to the heart's desire of the American people, that we are going to give them a tax reduction they so badly need, that we are going to start paying off the debt in order to maintain the value of the dollar; and that out of it all will come a happier, a more prosperous America, and that we will get the credit for it.

You have sought to dissuade us from a right and correct course, and that you have not been able to do so will soon be quite apparent.

Now, if you want to vote against this bill, if you want to take the position that you are not for tax reduction for the lit-

tle fellow, or anybody else, you just go ahead and vote that way and try to explain it. I think we know what we are doing. I know that we know what we are doing. I think if the truth were known a lot of you gentlemen on the other side of the aisle—and you are all my good friends; it is a pleasure to cooperate with you and to listen to what you have to say—but I think, if the truth were known and down deep in your hearts you could resolve this question the way you would like to, you would take this tax bill and vote for it. But because it is brought out here by the Republican Party you are having a little trouble following that course. But you may live long enough to see the error of your ways, and when you repent come around and tell us about it, and we will be glad to listen to you.

The CHAIRMAN. The time of the gentleman from Indiana has expired. All time has expired. Under the rule, the bill is considered as read. The Clerk will report the committee amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That this act may be cited as the "Individual Income Tax Reduction Act of 1947."

#### SEC. 2. Reduction in Normal Tax and Surtax on Individuals.

(a) Reduction in normal tax on individuals: Section 11 of the Internal Revenue Code (relating to the normal tax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent," and by adding at the end of such section a new sentence to read as follows: "If aggregate of tentative normal tax and tentative surtax is not more than \$279.17, see section 12 (1), and if more than \$250,000, see section 12 (g)."

(b) Reduction in surtax on individuals: Section 12 (b) of the Internal Revenue Code (relating to the rate of surtax on individuals) is hereby amended by striking out "5 percent" and inserting in lieu thereof "24 percent."

(c) Tentative tax more than \$250,000: Section 12 (g) of the Internal Revenue Code (relating to tax on large incomes) is hereby amended to read as follows:

"(g) Tentative tax more than \$250,000: If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than \$250,000, the combined normal tax and surtax shall not be less than such aggregate reduced by the sum of (1) 24 percent of the first \$250,000 thereof plus (2) 15 percent of the amount thereof in excess of \$250,000, but in no event shall the combined normal tax and surtax exceed 76½ percent of the net income of the taxpayer for the taxable year. In the application of this subsection, the combined normal tax and surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(d) Tentative tax not more than \$279.17: Section 12 of the Internal Revenue Code is hereby amended by adding at the end thereof a new subsection to read as follows:

"(1) Tentative tax not more than \$279.17: "(1) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is not more than \$200, the combined normal tax and surtax shall not be greater than such aggregate reduced by 33½ percent thereof."

"(2) If the aggregate of the tentative normal tax under section 11 and the tentative surtax under subsection (b) of this section is more than \$200 but not more than \$279.17, the combined normal tax and surtax shall



not be greater than such aggregate reduced by \$67.

"(3) In the application of this subsection, the combined normal tax and a surtax shall be computed without regard to the credits provided in sections 31, 32, and 35."

(e) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

### SEC. 3. Individuals With Adjusted Gross Incomes of Less Than \$5,000.

(a) In general: The tax table in section 400 of the Internal Revenue Code (relating to optional tax on individuals with adjusted gross incomes of less than \$5,000) is hereby amended to read as follows:

*"Individuals with adjusted gross income of less than \$5,000—*

If adjusted gross income is—		And the number of exemptions is—					If adjusted gross income is—		And the number of exemptions is—								
At least	But less than	1	2	3		5 or more	At least	But less than	1	2	3	4	5	6	7	8	9 or more
		The tax shall be—							The tax shall be—								
\$0	\$550	\$0	\$0	\$0	\$0	\$0	\$2,275	\$2,300	\$237	\$145	\$74	\$8	\$0	\$0	\$0	\$0	\$0
550	575	1	0	0	0	0	2,300	2,325	240	149	77	11	0	0	0	0	0
575	600	4	0	0	0	0	2,325	2,350	244	154	80	14	0	0	0	0	0
600	625	7	0	0	0	0	2,350	2,375	247	158	83	17	0	0	0	0	0
625	650	10	0	0	0	0	2,375	2,400	251	163	86	20	0	0	0	0	0
650	675	13	0	0	0	0	2,400	2,425	254	167	89	23	0	0	0	0	0
675	700	16	0	0	0	0	2,425	2,450	257	172	92	26	0	0	0	0	0
700	725	19	0	0	0	0	2,450	2,475	261	176	95	29	0	0	0	0	0
725	750	22	0	0	0	0	2,475	2,500	264	181	98	32	0	0	0	0	0
750	775	25	0	0	0	0	2,500	2,525	268	185	101	35	0	0	0	0	0
775	800	28	0	0	0	0	2,525	2,550	271	190	104	38	0	0	0	0	0
800	825	31	0	0	0	0	2,550	2,575	275	194	107	41	0	0	0	0	0
825	850	34	0	0	0	0	2,575	2,600	278	199	110	44	0	0	0	0	0
850	875	37	0	0	0	0	2,600	2,625	281	203	113	47	0	0	0	0	0
875	900	40	0	0	0	0	2,625	2,650	285	208	116	50	0	0	0	0	0
900	925	43	0	0	0	0	2,650	2,675	288	212	119	53	0	0	0	0	0
925	950	46	0	0	0	0	2,675	2,700	292	216	122	56	0	0	0	0	0
950	975	49	0	0	0	0	2,700	2,725	295	219	125	59	0	0	0	0	0
975	1,000	52	0	0	0	0	2,725	2,750	298	222	128	62	0	0	0	0	0
1,000	1,025	55	0	0	0	0	2,750	2,775	302	226	131	65	0	0	0	0	0
1,025	1,050	58	0	0	0	0	2,775	2,800	305	229	135	68	1	0	0	0	0
1,050	1,075	61	0	0	0	0	2,800	2,825	309	233	139	71	4	0	0	0	0
1,075	1,100	64	0	0	0	0	2,825	2,850	313	236	144	74	7	0	0	0	0
1,100	1,125	67	0	0	0	0	2,850	2,875	317	240	148	77	10	0	0	0	0
1,125	1,150	70	3	0	0	0	2,875	2,900	321	243	153	80	13	0	0	0	0
1,150	1,175	73	6	0	0	0	2,900	2,925	324	246	157	83	16	0	0	0	0
1,175	1,200	76	9	0	0	0	2,925	2,950	328	250	162	86	19	0	0	0	0
1,200	1,225	79	12	0	0	0	2,950	2,975	332	253	166	89	22	0	0	0	0
1,225	1,250	82	15	0	0	0	2,975	3,000	336	257	171	92	25	0	0	0	0
1,250	1,275	85	18	0	0	0	3,000	3,050	341	262	178	96	30	0	0	0	0
1,275	1,300	88	21	0	0	0	3,050	3,100	349	269	187	102	36	0	0	0	0
1,300	1,325	91	24	0	0	0	3,100	3,150	356	276	196	108	42	0	0	0	0
1,325	1,350	94	27	0	0	0	3,150	3,200	364	282	205	114	48	0	0	0	0
1,350	1,375	97	30	0	0	0	3,200	3,250	371	289	213	120	54	0	0	0	0
1,375	1,400	100	33	0	0	0	3,250	3,300	379	296	220	126	60	0	0	0	0
1,400	1,425	103	36	0	0	0	3,300	3,350	386	303	227	132	66	0	0	0	0
1,425	1,450	106	39	0	0	0	3,350	3,400	394	310	234	141	71	5	0	0	0
1,450	1,475	109	42	0	0	0	3,400	3,450	401	318	241	150	77	11	0	0	0
1,475	1,500	112	45	0	0	0	3,450	3,500	409	325	247	159	83	17	0	0	0
1,500	1,525	115	48	0	0	0	3,500	3,550	416	333	254	168	89	23	0	0	0
1,525	1,550	118	51	0	0	0	3,550	3,600	424	340	261	177	95	29	0	0	0
1,550	1,575	121	54	0	0	0	3,600	3,650	431	348	268	186	101	35	0	0	0
1,575	1,600	124	57	0	0	0	3,650	3,700	439	355	275	195	107	41	0	0	0
1,600	1,625	127	60	0	0	0	3,700	3,750	447	363	282	204	113	47	0	0	0
1,625	1,650	130	63	0	0	0	3,750	3,800	454	370	288	212	119	53	0	0	0
1,650	1,675	133	66	0	0	0	3,800	3,850	462	378	295	219	125	59	0	0	0
1,675	1,700	137	69	2	0	0	3,850	3,900	469	386	302	226	131	65	0	0	0
1,700	1,725	141	72	5	0	0	3,900	3,950	477	393	309	233	137	71	4	0	0
1,725	1,750	146	75	8	0	0	3,950	4,000	484	401	317	240	149	77	10	0	0
1,750	1,775	150	78	11	0	0	4,000	4,050	492	408	324	247	158	83	16	0	0
1,775	1,800	155	81	14	0	0	4,050	4,100	499	416	332	253	167	89	22	0	0
1,800	1,825	159	84	17	0	0	4,100	4,150	507	423	340	260	176	95	28	0	0
1,825	1,850	164	87	20	0	0	4,150	4,200	514	431	347	267	185	101	34	0	0
1,850	1,875	168	90	23	0	0	4,200	4,250	522	438	355	274	194	107	40	0	0
1,875	1,900	173	93	26	0	0	4,250	4,300	529	446	362	281	203	113	46	0	0
1,900	1,925	177	96	29	0	0	4,300	4,350	537	453	370	288	212	119	52	0	0
1,925	1,950	182	99	32	0	0	4,350	4,400	544	461	377	295	219	125	58	0	0
1,950	1,975	186	102	35	0	0	4,400	4,450	552	468	385	301	225	131	64	0	0
1,975	2,000	191	105	38	0	0	4,450	4,500	559	476	392	309	232	139	70	4	0
2,000	2,025	195	108	41	0	0	4,500	4,550	567	483	400	316	239	148	76	10	0
2,025	2,050	200	111	44	0	0	4,550	4,600	574	491	407	324	246	157	82	16	0
2,050	2,075	204	114	47	0	0	4,600	4,650	582	498	415	331	253	166	88	22	0
2,075	2,100	209	117	50	0	0	4,650	4,700	589	506	422	339	260	175	94	28	0
2,100	2,125	213	120	53	0	0	4,700	4,750	597	513	430	346	266	184	100	34	0
2,125	2,150	216	123	56	0	0	4,750	4,800	605	521	437	354	273	193	106	40	0
2,150	2,175	220	126	59	0	0	4,800	4,850	612	528	445	361	280	202	112	46	0
2,175	2,200	223	129	62	0	0	4,850	4,900	620	536	452	369	287	211	118	52	0
2,200	2,225	227	132	65	0	0	4,900	4,950	627	544	460	376	294	218	124	58	0
2,225	2,250	230	136	68	2	0	4,950	5,000	635	551	467	384	301	225	130	64	0
2,250	2,275	234	140	71	5	0											0

(b) Taxable years to which applicable: The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

#### SEC. 4. Additional Credit Against Net Income for Normal Tax and Surtax.

(a) Exemption for age: Section 25 (b) (1) of the Internal Revenue Code (relating to credits against net income for normal tax and surtax) is hereby amended by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and by adding after subparagraph (C) a new subparagraph to read as follows:

"(D) If the taxpayer has attained the age of 65—

"(i) an additional exemption of \$500;  
 "(ii) in the case of a joint return by husband and wife under section 51, an exemption, in lieu of the exemption provided in clause (i) of this subparagraph, of \$500 for each spouse who has attained the age of 65, and whose gross income (computed without regard to section 22 (o)) for the taxable year is \$500 or more;

"(iii) for limitation on exclusion from gross income of retirement pay, etc., see section 22 (o)."

(b) Determination of age: Section 25 (b) (2) of the Internal Revenue Code is hereby amended by adding at the end thereof a new sentence to read as follows: "For the purposes of paragraph (1) (D) the determination of the age of an individual shall be made as of the last day of the taxable year."

(c) Limitation on exclusion from gross income of retirement pay, etc.: Section 22 of the Internal Revenue Code (relating to gross income) is hereby amended by adding at the end thereof a new subsection to read as follows:

"(o) Retirement pay, etc., of individuals 65 or over: If an individual entitled to the exemption provided in section 25 (b) (1) (D) (relating to individuals who have attained the age of 65) receives during the taxable year any amount (other than a lump-sum benefit) as pension, annuity, retirement pay, old-age or survivor's benefit, or similar payment, with respect to services rendered by him or another person, and the whole of such amount would, but for this subsection, be excluded from gross income, then only the excess over \$500 of the aggregate of such amounts shall be excluded from gross income, despite any provisions of this title or of any other law. This subsection shall not require the inclusion of any such amount as gross income unless the gross income, computed without regard to this subsection, is \$500 or more. This subsection shall not apply—

"(1) to amounts excluded from gross income under section 22 (b) (5); except that this subsection shall apply to amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country, unless such amounts are also excluded from gross income by a provision of law other than section 22 (b) (5); or

"(2) to amounts excluded from gross income under section 3 of the act entitled 'An act to safeguard the estates of veterans derived from payments of pension, compensation, emergency officers' retirement pay and insurance, and for other purposes,' approved August 12, 1935, as amended (U. S. C., 1940 ed., title 38, sec. 454a); or

"(3) to amounts excluded from gross income under section 3 of the act entitled 'An act to establish in the War Department and in the Navy Department, respectively, a roll, designated as "the Army and Navy medal of honor roll," and for other purposes,' approved April 27, 1916, as amended (U. S. C., 1940 ed., title 38, sec. 393)."

(d) Technical amendment: Section 22 (b) (5) of the Internal Revenue Code (relating to exclusion from gross income of compensation for injuries or sickness) is hereby amended by striking out "and amounts" and inserting in lieu thereof: "and (except as provided in subsection (o) in the case of individuals 65 or over) amounts."

(e) Taxable years to which applicable: The amendments made by this section shall be applicable to taxable years beginning after December 31, 1946. For treatment of taxable years beginning in 1946 and ending in 1947, see section 6.

#### SEC. 5. Reduction in Withholding of Tax at Source on Wages.

(a) Percentage method: Section 1622 (a) and section 1622 (b) (1) of the Internal Revenue Code (relating to percentage method of withholding) are hereby amended to read as follows:

"(a) Requirement of withholding: Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the sum of the following:

"(1) 12 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); or

"(B) the amount shown in the second column in the table in subsection (b) (1);

"(2) 18 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the sum of—

"(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(ii) the amount shown in the second column in the table in subsection (b) (1); or

"(B) the amount shown in the third column in the table in subsection (b) (1);

"(3) 14 percent of whichever of the following is the lesser:

"(A) the amount by which the wages exceed the sum of—

"(i) the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1); plus

"(ii) the sum of the amounts shown in the second and third columns in the table in subsection (b) (1); or

"(B) the amount shown in the last column in the table in subsection (b) (1);

"(4) 15 percent of the amount by which the wages exceed the sum of—

"(A) the number of withholding exemptions claimed, multiplied by the amount of one such exemption shown in the table in subsection (b) (1); plus

"(B) the sum of the amounts shown in the second, third, and last columns in the table in subsection (b) (1).

"(b) (1) the table referred to in subsection (a) is as follows:

"Percentage method withholding table

Pay-roll period	Amount of one withholding exemption	Maximum amount subject to 12-percent rate	Maximum amount subject to 18-percent rate	Maximum amount subject to 14-percent rate
Weekly.....	\$11.00	\$21.00	\$9.00	\$13.00
Biweekly.....	22.00	43.00	17.00	25.00
Semi-monthly.....	23.00	46.00	19.00	28.00
Monthly.....	46.00	93.00	36.00	56.00
Quarterly.....	139.00	278.00	110.00	168.00
Semiannual.....	278.00	556.00	219.00	336.00
Annual.....	556.00	1,111.00	440.00	671.00
Daily or miscellaneous (per day of such period).....	1.50	3.00	1.00	2.00"



(b) Wage bracket withholding: The tables contained in section 1622 (c) (1) of the Internal Revenue Code (relating to wage bracket withholding) are hereby amended to read as follows:

*"If the pay-roll period with respect to an employee is weekly—*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0.....	\$11.....	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11.....	\$12.....	\$1.40	.10	0	0	0	0	0	0	0	0	0
\$12.....	\$13.....	1.50	.20	0	0	0	0	0	0	0	0	0
\$13.....	\$14.....	1.60	.30	0	0	0	0	0	0	0	0	0
\$14.....	\$15.....	1.70	.40	0	0	0	0	0	0	0	0	0
\$15.....	\$16.....	1.90	.60	0	0	0	0	0	0	0	0	0
\$16.....	\$17.....	2.00	.70	0	0	0	0	0	0	0	0	0
\$17.....	\$18.....	2.10	.80	0	0	0	0	0	0	0	0	0
\$18.....	\$19.....	2.20	.90	0	0	0	0	0	0	0	0	0
\$19.....	\$20.....	2.30	1.10	0	0	0	0	0	0	0	0	0
\$20.....	\$21.....	2.50	1.20	0	0	0	0	0	0	0	0	0
\$21.....	\$22.....	2.60	1.30	0	0	0	0	0	0	0	0	0
\$22.....	\$23.....	2.80	1.40	.10	0	0	0	0	0	0	0	0
\$23.....	\$24.....	2.90	1.50	.30	0	0	0	0	0	0	0	0
\$24.....	\$25.....	3.10	1.70	.40	0	0	0	0	0	0	0	0
\$25.....	\$26.....	3.30	1.80	.50	0	0	0	0	0	0	0	0
\$26.....	\$27.....	3.50	1.90	.60	0	0	0	0	0	0	0	0
\$27.....	\$28.....	3.70	2.00	.70	0	0	0	0	0	0	0	0
\$28.....	\$29.....	3.80	2.10	.90	0	0	0	0	0	0	0	0
\$29.....	\$30.....	4.00	2.30	1.00	0	0	0	0	0	0	0	0
\$30.....	\$31.....	4.20	2.40	1.10	0	0	0	0	0	0	0	0
\$31.....	\$32.....	4.30	2.50	1.20	0	0	0	0	0	0	0	0
\$32.....	\$33.....	4.40	2.60	1.30	.10	0	0	0	0	0	0	0
\$33.....	\$34.....	4.60	2.80	1.50	.20	0	0	0	0	0	0	0
\$34.....	\$35.....	4.70	3.00	1.60	.30	0	0	0	0	0	0	0
\$35.....	\$36.....	4.90	3.20	1.70	.40	0	0	0	0	0	0	0
\$36.....	\$37.....	5.00	3.40	1.80	.50	0	0	0	0	0	0	0
\$37.....	\$38.....	5.10	3.50	1.90	.70	0	0	0	0	0	0	0
\$38.....	\$39.....	5.30	3.70	2.10	.80	0	0	0	0	0	0	0
\$39.....	\$40.....	5.40	3.90	2.20	.90	0	0	0	0	0	0	0
\$40.....	\$41.....	5.50	4.10	2.30	1.00	0	0	0	0	0	0	0
\$41.....	\$42.....	5.70	4.20	2.40	1.10	0	0	0	0	0	0	0
\$42.....	\$43.....	5.80	4.40	2.50	1.30	0	0	0	0	0	0	0
\$43.....	\$44.....	6.00	4.50	2.70	1.40	.10	0	0	0	0	0	0
\$44.....	\$45.....	6.10	4.60	2.90	1.50	.20	0	0	0	0	0	0
\$45.....	\$46.....	6.30	4.80	3.10	1.60	.30	0	0	0	0	0	0
\$46.....	\$47.....	6.40	4.90	3.20	1.70	.50	0	0	0	0	0	0
\$47.....	\$48.....	6.60	5.00	3.40	1.80	.60	0	0	0	0	0	0
\$48.....	\$49.....	6.70	5.20	3.60	2.00	.70	0	0	0	0	0	0
\$49.....	\$50.....	6.90	5.30	3.80	2.10	.80	0	0	0	0	0	0
\$50.....	\$51.....	7.00	5.40	4.00	2.20	.90	0	0	0	0	0	0
\$51.....	\$52.....	7.20	5.60	4.10	2.30	1.00	0	0	0	0	0	0
\$52.....	\$53.....	7.30	5.70	4.30	2.40	1.20	0	0	0	0	0	0
\$53.....	\$54.....	7.50	5.90	4.40	2.60	1.30	0	0	0	0	0	0
\$54.....	\$55.....	7.60	6.00	4.50	2.80	1.40	.10	0	0	0	0	0
\$55.....	\$56.....	7.80	6.20	4.70	2.90	1.50	.20	0	0	0	0	0
\$56.....	\$57.....	7.90	6.30	4.80	3.10	1.60	.40	0	0	0	0	0
\$57.....	\$58.....	8.10	6.50	4.90	3.30	1.80	.50	0	0	0	0	0
\$58.....	\$59.....	8.20	6.60	5.10	3.50	1.90	.60	0	0	0	0	0
\$59.....	\$60.....	8.40	6.80	5.20	3.70	2.00	.70	0	0	0	0	0
\$60.....	\$62.....	8.60	7.00	5.40	3.90	2.20	.90	0	0	0	0	0
\$62.....	\$64.....	8.90	7.30	5.70	4.20	2.40	1.10	0	0	0	0	0
\$64.....	\$66.....	9.20	7.60	6.00	4.50	2.70	1.40	.10	0	0	0	0
\$66.....	\$68.....	9.50	7.90	6.30	4.80	3.10	1.60	.30	0	0	0	0
\$68.....	\$70.....	9.80	8.20	6.60	5.10	3.40	1.90	.60	0	0	0	0
\$70.....	\$72.....	10.10	8.50	6.90	5.30	3.80	2.10	.80	0	0	0	0
\$72.....	\$74.....	10.40	8.80	7.20	5.60	4.10	2.30	1.10	0	0	0	0
\$74.....	\$76.....	10.70	9.10	7.50	5.90	4.40	2.60	1.30	0	0	0	0
\$76.....	\$78.....	11.00	9.40	7.80	6.20	4.70	3.00	1.50	.30	0	0	0
\$78.....	\$80.....	11.30	9.70	8.10	6.50	5.00	3.30	1.80	.50	0	0	0
\$80.....	\$82.....	11.60	10.00	8.40	6.80	5.20	3.70	2.00	.70	0	0	0
\$82.....	\$84.....	11.90	10.30	8.70	7.10	5.50	4.00	2.30	1.00	0	0	0
\$84.....	\$86.....	12.20	10.60	9.00	7.40	5.80	4.30	2.50	1.20	0	0	0
\$86.....	\$88.....	12.50	10.90	9.30	7.70	6.10	4.60	2.80	1.50	.20	0	0
\$88.....	\$90.....	12.80	11.20	9.60	8.00	6.40	4.90	3.20	1.70	.40	0	0
\$90.....	\$92.....	13.10	11.50	9.90	8.30	6.70	5.10	3.60	1.90	.70	0	0
\$92.....	\$94.....	13.40	11.80	10.20	8.60	7.00	5.40	3.90	2.20	.90	0	0
\$94.....	\$96.....	13.70	12.10	10.50	8.90	7.30	5.70	4.20	2.40	1.10	0	0
\$96.....	\$98.....	14.00	12.40	10.80	9.20	7.60	6.00	4.50	2.70	1.40	.10	0
\$98.....	\$100.....	14.30	12.70	11.10	9.50	7.90	6.30	4.80	3.10	1.60	.30	0
\$100.....	\$105.....	14.80	13.20	11.60	10.00	8.40	6.80	5.30	3.70	2.00	.80	0
\$105.....	\$110.....	15.60	14.00	12.40	10.80	9.20	7.50	5.90	4.50	2.70	1.40	.10
\$110.....	\$115.....	16.30	14.70	13.10	11.50	9.90	8.30	6.70	5.20	3.60	2.00	.70
\$115.....	\$120.....	17.10	15.50	13.90	12.30	10.70	9.10	7.40	5.80	4.40	2.60	1.30
\$120.....	\$125.....	17.80	16.20	14.60	13.00	11.40	9.80	8.20	6.60	5.10	3.50	1.90
\$125.....	\$130.....	18.60	17.00	15.40	13.80	12.20	10.60	9.00	7.30	5.70	4.30	2.50
\$130.....	\$135.....	19.30	17.70	16.10	14.50	12.90	11.30	9.70	8.10	6.50	5.00	3.30
\$135.....	\$140.....	20.10	18.50	16.90	15.30	13.70	12.10	10.50	8.80	7.20	5.70	4.20
\$140.....	\$145.....	20.90	19.30	17.60	16.00	14.40	12.80	11.20	9.60	8.00	6.40	4.90
\$145.....	\$150.....	21.60	20.00	18.40	16.80	15.20	13.60	12.00	10.40	8.70	7.10	5.60
\$150.....	\$160.....	22.70	21.10	19.50	17.90	16.30	14.70	13.10	11.50	9.90	8.30	6.70
\$160.....	\$170.....	24.20	22.60	21.00	19.40	17.80	16.20	14.60	13.00	11.40	9.80	8.20
\$170.....	\$180.....	25.70	24.10	22.50	20.90	19.30	17.70	16.10	14.50	12.90	11.30	9.70
\$180.....	\$190.....	27.30	25.60	24.00	22.40	20.80	19.20	17.60	16.00	14.40	12.80	11.20
\$190.....	\$200.....	28.80	27.10	25.50	23.90	22.30	20.70	19.10	17.50	15.90	14.30	12.70
15 percent of the excess over \$200 plus												
\$200 and over.....		29.50	27.90	26.30	24.70	23.10	21.50	19.90	18.30	16.60	15.00	13.40

*"If the pay-roll period with respect to an employee is biweekly—*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0	\$20	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20	\$22	\$2.50	0	0	0	0	0	0	0	0	0	0
\$22	\$24	2.80	.20	0	0	0	0	0	0	0	0	0
\$24	\$26	3.00	.40	0	0	0	0	0	0	0	0	0
\$26	\$28	3.20	.70	0	0	0	0	0	0	0	0	0
\$28	\$30	3.50	.90	0	0	0	0	0	0	0	0	0
\$30	\$32	3.70	1.20	0	0	0	0	0	0	0	0	0
\$32	\$34	4.00	1.40	0	0	0	0	0	0	0	0	0
\$34	\$36	4.20	1.60	0	0	0	0	0	0	0	0	0
\$36	\$38	4.40	1.80	0	0	0	0	0	0	0	0	0
\$38	\$40	4.70	2.10	0	0	0	0	0	0	0	0	0
\$40	\$42	4.90	2.40	0	0	0	0	0	0	0	0	0
\$42	\$44	5.20	2.60	0	0	0	0	0	0	0	0	0
\$44	\$46	5.50	2.80	.30	0	0	0	0	0	0	0	0
\$46	\$48	5.80	3.10	.50	0	0	0	0	0	0	0	0
\$48	\$50	6.20	3.30	.70	0	0	0	0	0	0	0	0
\$50	\$52	6.60	3.50	1.00	0	0	0	0	0	0	0	0
\$52	\$54	7.00	3.80	1.20	0	0	0	0	0	0	0	0
\$54	\$56	7.30	4.00	1.50	0	0	0	0	0	0	0	0
\$56	\$58	7.70	4.30	1.70	0	0	0	0	0	0	0	0
\$58	\$60	8.00	4.50	1.90	0	0	0	0	0	0	0	0
\$60	\$62	8.30	4.70	2.20	0	0	0	0	0	0	0	0
\$62	\$64	8.60	5.00	2.40	0	0	0	0	0	0	0	0
\$64	\$66	8.90	5.30	2.70	.10	0	0	0	0	0	0	0
\$66	\$68	9.20	5.60	2.90	.30	0	0	0	0	0	0	0
\$68	\$70	9.40	6.00	3.10	.60	0	0	0	0	0	0	0
\$70	\$72	9.70	6.40	3.40	.80	0	0	0	0	0	0	0
\$72	\$74	10.00	6.70	3.60	1.10	0	0	0	0	0	0	0
\$74	\$76	10.30	7.10	3.90	1.30	0	0	0	0	0	0	0
\$76	\$78	10.50	7.40	4.10	1.50	0	0	0	0	0	0	0
\$78	\$80	10.80	7.80	4.30	1.80	0	0	0	0	0	0	0
\$80	\$82	11.10	8.20	4.60	2.00	0	0	0	0	0	0	0
\$82	\$84	11.40	8.40	4.80	2.30	0	0	0	0	0	0	0
\$84	\$86	11.60	8.70	5.10	2.50	0	0	0	0	0	0	0
\$86	\$88	11.90	9.00	5.40	2.70	.20	0	0	0	0	0	0
\$88	\$90	12.20	9.30	5.80	3.00	.40	0	0	0	0	0	0
\$90	\$92	12.50	9.50	6.10	3.20	.70	0	0	0	0	0	0
\$92	\$94	12.80	9.80	6.50	3.50	.90	0	0	0	0	0	0
\$94	\$96	13.10	10.10	6.80	3.70	1.10	0	0	0	0	0	0
\$96	\$98	13.40	10.30	7.20	3.90	1.40	0	0	0	0	0	0
\$98	\$100	13.70	10.60	7.60	4.20	1.60	0	0	0	0	0	0
\$100	\$102	14.00	10.90	7.90	4.40	1.90	0	0	0	0	0	0
\$102	\$104	14.30	11.20	8.20	4.70	2.10	0	0	0	0	0	0
\$104	\$106	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0	0
\$106	\$108	14.90	11.70	8.80	5.10	2.60	0	0	0	0	0	0
\$108	\$110	15.20	12.00	9.10	5.50	2.80	.30	0	0	0	0	0
\$110	\$112	15.50	12.30	9.30	5.90	3.10	.50	0	0	0	0	0
\$112	\$114	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0	0
\$114	\$116	16.10	12.90	9.90	6.60	3.50	1.00	0	0	0	0	0
\$116	\$118	16.40	13.20	10.20	6.90	3.80	1.20	0	0	0	0	0
\$118	\$120	16.70	13.50	10.40	7.30	4.00	1.50	0	0	0	0	0
\$120	\$124	17.20	14.00	10.80	7.80	4.40	1.80	0	0	0	0	0
\$124	\$128	17.80	14.60	11.40	8.50	4.90	2.30	0	0	0	0	0
\$128	\$132	18.40	15.20	12.00	9.00	5.40	2.80	.20	0	0	0	0
\$132	\$136	19.00	15.80	12.60	9.60	6.20	3.30	.70	0	0	0	0
\$136	\$140	19.60	16.40	13.20	10.10	6.90	3.70	1.20	0	0	0	0
\$140	\$144	20.20	17.00	13.80	10.70	7.60	4.20	1.70	0	0	0	0
\$144	\$148	20.80	17.60	14.40	11.20	8.30	4.70	2.10	0	0	0	0
\$148	\$152	21.40	18.20	15.00	11.80	8.80	5.20	2.60	.10	0	0	0
\$152	\$156	22.00	18.80	15.60	12.40	9.40	5.90	3.10	.50	0	0	0
\$156	\$160	22.60	19.40	16.20	13.00	9.90	6.60	3.60	1.00	0	0	0
\$160	\$164	23.20	20.00	16.80	13.60	10.50	7.40	4.00	1.50	0	0	0
\$164	\$168	23.80	20.60	17.40	14.20	11.00	8.10	4.50	2.00	0	0	0
\$168	\$172	24.40	21.20	18.00	14.80	11.60	8.60	5.00	2.40	0	0	0
\$172	\$176	25.00	21.80	18.60	15.40	12.20	9.20	5.70	2.90	.40	0	0
\$176	\$180	25.60	22.40	19.20	16.00	12.80	9.70	6.40	3.40	.80	0	0
\$180	\$184	26.20	23.00	19.80	16.60	13.40	10.30	7.10	3.90	1.30	0	0
\$184	\$188	26.80	23.60	20.40	17.20	14.00	10.80	7.80	4.40	1.80	0	0
\$188	\$192	27.40	24.20	21.00	17.80	14.60	11.40	8.50	4.80	2.30	0	0
\$192	\$196	28.00	24.80	21.60	18.40	15.20	11.90	9.00	5.40	2.80	.20	0
\$196	\$200	28.60	25.40	22.20	19.00	15.80	12.50	9.50	6.10	3.20	.70	0
\$200	\$210	29.70	26.50	23.20	20.00	16.80	13.60	10.50	7.40	4.10	1.50	0
\$210	\$220	31.20	28.00	24.80	21.50	18.30	15.10	11.90	9.00	5.40	2.70	.20
\$220	\$230	32.70	29.50	26.30	23.00	19.80	16.60	13.40	10.30	7.20	3.90	1.40
\$230	\$240	34.20	31.00	27.80	24.50	21.30	18.10	14.90	11.70	8.80	5.10	2.60
\$240	\$250	35.70	32.50	29.30	26.00	22.80	19.60	16.40	13.20	10.10	6.90	3.70
\$250	\$260	37.20	34.00	30.80	27.60	24.30	21.10	17.90	14.70	11.50	8.60	4.90
\$260	\$270	38.70	35.50	32.30	29.10	25.80	22.60	19.40	16.20	13.00	9.90	6.70
\$270	\$280	40.20	37.00	33.80	30.60	27.30	24.10	20.90	17.70	14.50	11.30	8.40
\$280	\$290	41.70	38.50	35.30	32.10	28.80	25.60	22.40	19.20	16.00	12.80	9.80
\$290	\$300	43.20	40.00	36.80	33.60	30.40	27.10	23.90	20.70	17.50	14.30	11.10
\$300	\$320	45.50	42.30	39.00	35.80	32.60	29.40	26.20	23.00	19.80	16.50	13.30
\$320	\$340	48.50	45.30	42.10	38.80	35.60	32.40	29.20	26.00	22.80	19.50	16.30
\$340	\$360	51.50	48.30	45.10	41.80	38.60	35.40	32.20	29.00	25.80	22.60	19.30
\$360	\$380	54.50	51.30	48.10	44.90	41.60	38.40	35.20	32.00	28.80	25.60	22.40
\$380	\$400	57.50	54.30	51.10	47.90	44.70	41.40	38.20	35.00	31.80	28.60	25.40
15 percent of the excess over \$400 plus												
\$400 and over		59.00	55.80	52.60	49.40	46.20	42.90	39.70	36.50	33.30	30.10	26.90



*"If the pay-roll period with respect to an employee is semimonthly—"*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of tax to be withheld shall be—										
\$0.	\$22.	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$22.	\$24.	\$2.80	0	0	0	0	0	0	0	0	0	0
\$24.	\$26.	3.00	.20	0	0	0	0	0	0	0	0	0
\$26.	\$28.	3.20	.50	0	0	0	0	0	0	0	0	0
\$28.	\$30.	3.50	.70	0	0	0	0	0	0	0	0	0
\$30.	\$32.	3.70	.90	0	0	0	0	0	0	0	0	0
\$32.	\$34.	4.00	1.20	0	0	0	0	0	0	0	0	0
\$34.	\$36.	4.20	1.40	0	0	0	0	0	0	0	0	0
\$36.	\$38.	4.40	1.70	0	0	0	0	0	0	0	0	0
\$38.	\$40.	4.70	1.90	0	0	0	0	0	0	0	0	0
\$40.	\$42.	4.90	2.10	0	0	0	0	0	0	0	0	0
\$42.	\$44.	5.10	2.40	0	0	0	0	0	0	0	0	0
\$44.	\$46.	5.40	2.60	0	0	0	0	0	0	0	0	0
\$46.	\$48.	5.70	2.90	.10	0	0	0	0	0	0	0	0
\$48.	\$50.	6.00	3.10	.30	0	0	0	0	0	0	0	0
\$50.	\$52.	6.40	3.30	.60	0	0	0	0	0	0	0	0
\$52.	\$54.	6.70	3.60	.80	0	0	0	0	0	0	0	0
\$54.	\$56.	7.10	3.80	1.00	0	0	0	0	0	0	0	0
\$56.	\$58.	7.50	4.10	1.30	0	0	0	0	0	0	0	0
\$58.	\$60.	7.80	4.30	1.50	0	0	0	0	0	0	0	0
\$60.	\$62.	8.20	4.50	1.80	0	0	0	0	0	0	0	0
\$62.	\$64.	8.50	4.80	2.00	0	0	0	0	0	0	0	0
\$64.	\$66.	8.90	5.00	2.20	0	0	0	0	0	0	0	0
\$66.	\$68.	9.20	5.20	2.50	0	0	0	0	0	0	0	0
\$68.	\$70.	9.40	5.50	2.70	0	0	0	0	0	0	0	0
\$70.	\$72.	9.70	5.80	3.00	.20	0	0	0	0	0	0	0
\$72.	\$74.	10.00	6.20	3.20	.40	0	0	0	0	0	0	0
\$74.	\$76.	10.30	6.50	3.40	.70	0	0	0	0	0	0	0
\$76.	\$78.	10.50	6.90	3.70	.90	0	0	0	0	0	0	0
\$78.	\$80.	10.80	7.30	3.90	1.10	0	0	0	0	0	0	0
\$80.	\$82.	11.10	7.60	4.20	1.40	0	0	0	0	0	0	0
\$82.	\$84.	11.40	8.00	4.40	1.60	0	0	0	0	0	0	0
\$84.	\$86.	11.60	8.30	4.60	1.90	0	0	0	0	0	0	0
\$86.	\$88.	11.90	8.70	4.90	2.10	0	0	0	0	0	0	0
\$88.	\$90.	12.20	9.00	5.10	2.30	0	0	0	0	0	0	0
\$90.	\$92.	12.40	9.30	5.40	2.60	0	0	0	0	0	0	0
\$92.	\$94.	12.70	9.60	5.60	2.80	0	0	0	0	0	0	0
\$94.	\$96.	13.00	9.80	6.00	3.10	.30	0	0	0	0	0	0
\$96.	\$98.	13.30	10.10	6.30	3.30	.50	0	0	0	0	0	0
\$98.	\$100.	13.60	10.40	6.70	3.50	.80	0	0	0	0	0	0
\$100.	\$102.	13.90	10.70	7.10	3.80	1.00	0	0	0	0	0	0
\$102.	\$104.	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0	0
\$104.	\$106.	14.50	11.20	7.80	4.30	1.50	0	0	0	0	0	0
\$106.	\$108.	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0	0
\$108.	\$110.	15.10	11.70	8.50	4.70	2.00	0	0	0	0	0	0
\$110.	\$112.	15.40	12.00	8.90	5.00	2.20	0	0	0	0	0	0
\$112.	\$114.	15.70	12.30	9.10	5.20	2.40	0	0	0	0	0	0
\$114.	\$116.	16.00	12.60	9.40	5.50	2.70	0	0	0	0	0	0
\$116.	\$118.	16.30	12.90	9.70	5.80	2.90	.20	0	0	0	0	0
\$118.	\$120.	16.60	13.20	9.90	6.10	3.20	.40	0	0	0	0	0
\$120.	\$124.	17.10	13.60	10.40	6.70	3.50	.70	0	0	0	0	0
\$124.	\$128.	17.70	14.20	10.90	7.40	4.00	1.20	0	0	0	0	0
\$128.	\$132.	18.30	14.80	11.50	8.10	4.50	1.70	0	0	0	0	0
\$132.	\$136.	18.90	15.40	12.00	8.80	5.00	2.20	0	0	0	0	0
\$136.	\$140.	19.50	16.00	12.50	9.40	5.40	2.70	0	0	0	0	0
\$140.	\$144.	20.10	16.60	13.10	9.90	6.10	3.10	.40	0	0	0	0
\$144.	\$148.	20.70	17.20	13.70	10.50	6.80	3.60	.90	0	0	0	0
\$148.	\$152.	21.30	17.80	14.30	11.00	7.50	4.10	1.30	0	0	0	0
\$152.	\$156.	21.90	18.40	14.90	11.60	8.30	4.60	1.80	0	0	0	0
\$156.	\$160.	22.50	19.00	15.50	12.10	8.90	5.10	2.30	0	0	0	0
\$160.	\$164.	23.10	19.60	16.10	12.70	9.50	5.50	2.80	0	0	0	0
\$164.	\$168.	23.70	20.20	16.70	13.30	10.00	6.30	3.20	.50	0	0	0
\$168.	\$172.	24.30	20.80	17.30	13.90	10.60	7.00	3.70	1.00	0	0	0
\$172.	\$176.	24.90	21.40	17.90	14.50	11.10	7.70	4.20	1.40	0	0	0
\$176.	\$180.	25.50	22.00	18.60	15.10	11.70	8.40	4.70	1.90	0	0	0
\$180.	\$184.	26.10	22.60	19.20	15.70	12.20	9.10	5.20	2.40	0	0	0
\$184.	\$188.	26.70	23.20	19.80	16.30	12.80	9.60	5.70	2.90	.10	0	0
\$188.	\$192.	27.30	23.80	20.40	16.90	13.40	10.20	6.40	3.30	.60	0	0
\$192.	\$196.	27.90	24.40	21.00	17.50	14.00	10.70	7.10	3.80	1.10	0	0
\$196.	\$200.	28.50	25.00	21.60	18.10	14.60	11.30	7.80	4.30	1.50	0	0
\$200.	\$210.	29.60	26.10	22.60	19.10	15.60	12.20	9.00	5.10	2.40	0	0
\$210.	\$220.	31.10	27.60	24.10	20.60	17.20	13.70	10.40	6.70	3.60	.80	0
\$220.	\$230.	32.60	29.10	25.60	22.10	18.70	15.20	11.80	8.50	4.80	2.00	0
\$230.	\$240.	34.10	30.60	27.10	23.60	20.20	16.70	13.20	10.00	6.20	3.20	0
\$240.	\$250.	35.60	32.10	28.60	25.10	21.70	18.20	14.70	11.30	8.00	4.40	1.60
\$250.	\$260.	37.10	33.60	30.10	26.70	23.20	19.70	16.20	12.70	9.60	5.60	2.80
\$260.	\$270.	38.60	35.10	31.60	28.20	24.70	21.20	17.70	14.20	10.90	7.40	4.00
\$270.	\$280.	40.10	36.60	33.10	29.70	26.20	22.70	19.20	15.70	12.30	9.10	5.20
\$280.	\$290.	41.60	38.10	34.60	31.20	27.70	24.20	20.70	17.20	13.70	10.50	6.80
\$290.	\$300.	43.10	39.60	36.20	32.70	29.20	25.70	22.20	18.70	15.30	11.90	8.60
\$300.	\$320.	45.40	41.90	38.40	34.90	31.40	28.00	24.50	21.00	17.50	14.00	10.70
\$320.	\$340.	48.40	44.90	41.40	37.90	34.50	31.00	27.50	24.00	20.50	17.00	13.60
\$340.	\$360.	51.40	47.90	44.40	40.90	37.50	34.00	30.50	27.00	23.50	20.00	16.60
\$360.	\$380.	54.40	50.90	47.40	43.90	40.50	37.00	33.50	30.00	26.50	23.10	19.60
\$380.	\$400.	57.40	53.90	50.40	47.00	43.50	40.00	36.50	33.00	29.50	26.10	22.60
\$400.	\$420.	60.40	56.90	53.50	50.00	46.50	43.00	39.50	36.00	32.60	29.10	25.60
\$420.	\$440.	63.40	60.00	56.50	53.00	49.50	46.00	42.50	39.10	35.60	32.10	28.60
\$440.	\$460.	66.40	63.00	59.50	56.00	52.50	49.00	45.50	42.10	38.60	35.10	31.60
\$460.	\$480.	69.50	66.00	62.50	59.00	55.50	52.00	48.60	45.10	41.60	38.10	34.60
\$480.	\$500.	72.50	69.00	65.50	62.00	58.50	55.00	51.60	48.10	44.60	41.10	37.60
		15 percent of the excess over \$500 plus										
\$500 and over		74.00	70.50	67.00	63.50	60.00	56.60	53.10	49.60	46.10	42.60	39.10

*"If the pay-roll period with respect to an employee is monthly—"*

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be—												
\$0.....	\$44.....	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$44.....	\$48.....	\$5.50	0	0	0	0	0	0	0	0	0	0
\$48.....	\$52.....	6.00	.40	0	0	0	0	0	0	0	0	0
\$52.....	\$56.....	6.50	.90	0	0	0	0	0	0	0	0	0
\$56.....	\$60.....	6.90	1.40	0	0	0	0	0	0	0	0	0
\$60.....	\$64.....	7.40	1.90	0	0	0	0	0	0	0	0	0
\$64.....	\$68.....	7.90	2.40	0	0	0	0	0	0	0	0	0
\$68.....	\$72.....	8.40	2.80	0	0	0	0	0	0	0	0	0
\$72.....	\$76.....	8.90	3.30	0	0	0	0	0	0	0	0	0
\$76.....	\$80.....	9.30	3.80	0	0	0	0	0	0	0	0	0
\$80.....	\$84.....	9.80	4.30	0	0	0	0	0	0	0	0	0
\$84.....	\$88.....	10.30	4.80	0	0	0	0	0	0	0	0	0
\$88.....	\$92.....	10.80	5.20	0	0	0	0	0	0	0	0	0
\$92.....	\$96.....	11.30	5.70	.20	0	0	0	0	0	0	0	0
\$96.....	\$100.....	12.10	6.20	.60	0	0	0	0	0	0	0	0
\$100.....	\$104.....	12.80	6.70	1.10	0	0	0	0	0	0	0	0
\$104.....	\$108.....	13.50	7.10	1.60	0	0	0	0	0	0	0	0
\$108.....	\$112.....	14.20	7.60	2.10	0	0	0	0	0	0	0	0
\$112.....	\$116.....	14.90	8.10	2.60	0	0	0	0	0	0	0	0
\$116.....	\$120.....	15.70	8.60	3.00	0	0	0	0	0	0	0	0
\$120.....	\$124.....	16.40	9.10	3.50	0	0	0	0	0	0	0	0
\$124.....	\$128.....	17.10	9.50	4.00	0	0	0	0	0	0	0	0
\$128.....	\$132.....	17.80	10.00	4.50	0	0	0	0	0	0	0	0
\$132.....	\$136.....	18.30	10.50	5.00	0	0	0	0	0	0	0	0
\$136.....	\$140.....	18.90	11.00	5.40	0	0	0	0	0	0	0	0
\$140.....	\$144.....	19.40	11.60	5.90	.40	0	0	0	0	0	0	0
\$144.....	\$148.....	20.00	12.40	6.40	.90	0	0	0	0	0	0	0
\$148.....	\$152.....	20.50	13.10	6.90	1.30	0	0	0	0	0	0	0
\$152.....	\$156.....	21.10	13.80	7.40	1.80	0	0	0	0	0	0	0
\$156.....	\$160.....	21.60	14.50	7.80	2.30	0	0	0	0	0	0	0
\$160.....	\$164.....	22.20	15.20	8.30	2.80	0	0	0	0	0	0	0
\$164.....	\$168.....	22.70	16.00	8.80	3.20	0	0	0	0	0	0	0
\$168.....	\$172.....	23.30	16.70	9.30	3.70	0	0	0	0	0	0	0
\$172.....	\$176.....	23.80	17.40	9.70	4.20	0	0	0	0	0	0	0
\$176.....	\$180.....	24.40	18.00	10.20	4.70	0	0	0	0	0	0	0
\$180.....	\$184.....	24.90	18.60	10.70	5.20	0	0	0	0	0	0	0
\$184.....	\$188.....	25.50	19.10	11.20	5.60	.10	0	0	0	0	0	0
\$188.....	\$192.....	26.10	19.70	12.00	6.10	.60	0	0	0	0	0	0
\$192.....	\$196.....	26.70	20.20	12.70	6.60	1.10	0	0	0	0	0	0
\$196.....	\$200.....	27.30	20.80	13.40	7.10	1.50	0	0	0	0	0	0
\$200.....	\$204.....	27.90	21.30	14.10	7.60	2.00	0	0	0	0	0	0
\$204.....	\$208.....	28.50	21.80	14.80	8.00	2.50	0	0	0	0	0	0
\$208.....	\$212.....	29.10	22.40	15.60	8.50	3.00	0	0	0	0	0	0
\$212.....	\$216.....	29.70	22.90	16.30	9.00	3.40	0	0	0	0	0	0
\$216.....	\$220.....	30.30	23.50	17.00	9.50	3.90	0	0	0	0	0	0
\$220.....	\$224.....	30.90	24.00	17.70	9.90	4.40	0	0	0	0	0	0
\$224.....	\$228.....	31.50	24.60	18.30	10.40	4.90	0	0	0	0	0	0
\$228.....	\$232.....	32.10	25.10	18.80	10.90	5.40	0	0	0	0	0	0
\$232.....	\$236.....	32.70	25.70	19.30	11.50	5.80	.30	0	0	0	0	0
\$236.....	\$240.....	33.30	26.30	19.90	12.30	6.30	.80	0	0	0	0	0
\$240.....	\$244.....	34.20	27.20	20.70	13.30	7.00	1.50	0	0	0	0	0
\$244.....	\$248.....	35.40	28.40	21.80	14.80	8.00	2.50	0	0	0	0	0
\$248.....	\$252.....	36.60	29.60	22.90	16.20	9.00	3.40	0	0	0	0	0
\$252.....	\$256.....	37.80	30.80	24.00	17.70	9.90	4.40	0	0	0	0	0
\$256.....	\$260.....	39.00	32.00	25.10	18.80	10.90	5.30	0	0	0	0	0
\$260.....	\$264.....	40.20	33.20	26.30	19.90	12.20	6.30	.70	0	0	0	0
\$264.....	\$268.....	41.40	34.40	27.50	20.90	13.60	7.20	1.70	0	0	0	0
\$268.....	\$272.....	42.60	35.60	28.70	22.00	15.10	8.20	2.70	0	0	0	0
\$272.....	\$276.....	43.80	36.80	29.90	23.10	16.50	9.20	3.60	0	0	0	0
\$276.....	\$280.....	45.00	38.00	31.10	24.20	17.90	10.10	4.60	0	0	0	0
\$280.....	\$284.....	46.20	39.30	32.30	25.30	19.00	11.10	5.50	0	0	0	0
\$284.....	\$288.....	47.40	40.50	33.50	26.50	20.10	12.50	6.50	.90	0	0	0
\$288.....	\$292.....	48.60	41.70	34.70	27.70	21.20	14.00	7.40	1.90	0	0	0
\$292.....	\$296.....	49.80	42.90	35.90	28.90	22.30	15.40	8.40	2.90	0	0	0
\$296.....	\$300.....	51.00	44.10	37.10	30.10	23.40	16.80	9.40	3.80	0	0	0
\$300.....	\$304.....	52.20	45.30	38.30	31.30	24.50	18.10	10.30	4.80	0	0	0
\$304.....	\$308.....	53.40	46.50	39.50	32.50	25.60	19.20	11.40	5.70	.20	0	0
\$308.....	\$312.....	54.60	47.70	40.70	33.70	26.80	20.30	12.80	6.70	1.20	0	0
\$312.....	\$316.....	55.90	48.90	41.90	35.00	28.00	21.40	14.30	7.70	2.10	0	0
\$316.....	\$320.....	57.10	50.10	43.10	36.20	29.20	22.50	15.70	8.60	3.10	0	0
\$320.....	\$324.....	59.20	52.20	45.20	38.30	31.30	24.40	18.10	10.30	4.70	0	0
\$324.....	\$328.....	62.20	55.20	48.20	41.30	34.30	27.30	20.80	13.50	7.10	1.60	0
\$328.....	\$332.....	65.20	58.20	51.20	44.30	37.30	30.30	23.60	17.10	9.50	4.00	0
\$332.....	\$336.....	68.20	61.20	54.30	47.30	40.30	33.40	26.40	20.00	12.40	6.40	.80
\$336.....	\$340.....	71.20	64.20	57.30	50.30	43.30	36.40	29.40	22.70	16.00	8.80	3.20
\$340.....	\$344.....	74.20	67.20	60.30	53.30	46.30	39.40	32.40	25.40	19.10	11.20	5.60
\$344.....	\$348.....	77.20	70.30	63.30	56.30	49.40	42.40	35.40	28.50	21.80	14.80	8.00
\$348.....	\$352.....	80.20	73.30	66.30	59.30	52.40	45.40	38.40	31.50	24.60	18.20	10.40
\$352.....	\$356.....	83.20	76.30	69.30	62.30	55.40	48.40	41.40	34.50	27.50	21.00	13.70
\$356.....	\$360.....	86.20	79.30	72.30	65.30	58.40	51.40	44.40	37.50	30.50	23.70	17.30
\$360.....	\$364.....	90.80	83.80	76.80	69.80	62.90	55.90	49.00	42.00	35.00	28.10	21.50
\$364.....	\$368.....	96.80	89.80	82.80	75.90	68.90	61.90	55.00	48.00	41.00	34.10	27.10
\$368.....	\$372.....	102.80	95.80	88.90	81.90	74.90	68.00	61.00	54.00	47.10	40.10	33.10
\$372.....	\$376.....	108.80	101.90	94.90	87.90	81.00	74.00	67.00	60.10	53.10	46.10	39.20
\$376.....	\$380.....	114.80	107.90	100.90	93.90	87.00	80.00	73.00	66.10	59.10	52.10	45.20
\$380.....	\$384.....	120.90	113.90	106.90	100.00	93.00	86.00	79.10	72.10	65.10	58.20	51.20
\$384.....	\$388.....	126.90	119.90	112.90	106.00	99.00	92.00	85.10	78.10	71.10	64.20	57.20
\$388.....	\$392.....	132.90	125.90	119.00	112.00	105.00	98.10	91.10	84.10	77.20	70.20	63.20
\$392.....	\$396.....	138.90	132.00	125.00	118.00	111.10	104.10	97.10	90.20	83.20	76.20	69.30
\$396.....	\$400.....	144.90	138.00	131.00	124.00	117.10	110.10	103.10	96.20	89.20	82.20	75.30
15 percent of the excess over \$1,000 plus												
\$1,000 and over.....		147.90	141.00	134.00	127.00	120.10	113.10	106.10	99.20	92.20	85.20	78.30



"If the pay-roll period with respect to an employee is a daily pay-roll period or a miscellaneous pay-roll period—

And the wages divided by the number of days in such period are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period—												
\$0	\$1.50	12% of wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1.50	\$1.75	\$0.20	0	0	0	0	0	0	0	0	0	0
\$1.75	\$2.00	.05	0	0	0	0	0	0	0	0	0	0
\$2.00	\$2.25	.05	0	0	0	0	0	0	0	0	0	0
\$2.25	\$2.50	.10	0	0	0	0	0	0	0	0	0	0
\$2.50	\$2.75	.15	0	0	0	0	0	0	0	0	0	0
\$2.75	\$3.00	.15	0	0	0	0	0	0	0	0	0	0
\$3.00	\$3.25	.20	0	0	0	0	0	0	0	0	0	0
\$3.25	\$3.50	.20	0	0	0	0	0	0	0	0	0	0
\$3.50	\$3.75	.25	.05	0	0	0	0	0	0	0	0	0
\$3.75	\$4.00	.30	.10	0	0	0	0	0	0	0	0	0
\$4.00	\$4.25	.35	.15	0	0	0	0	0	0	0	0	0
\$4.25	\$4.50	.40	.20	0	0	0	0	0	0	0	0	0
\$4.50	\$4.75	.45	.25	0	0	0	0	0	0	0	0	0
\$4.75	\$5.00	.50	.30	0	0	0	0	0	0	0	0	0
\$5.00	\$5.25	.55	.35	0	0	0	0	0	0	0	0	0
\$5.25	\$5.50	.60	.40	0	0	0	0	0	0	0	0	0
\$5.50	\$5.75	.65	.45	0	0	0	0	0	0	0	0	0
\$5.75	\$6.00	.70	.50	0	0	0	0	0	0	0	0	0
\$6.00	\$6.25	.75	.55	0	0	0	0	0	0	0	0	0
\$6.25	\$6.50	.80	.60	0	0	0	0	0	0	0	0	0
\$6.50	\$6.75	.85	.65	0	0	0	0	0	0	0	0	0
\$6.75	\$7.00	.90	.70	0	0	0	0	0	0	0	0	0
\$7.00	\$7.25	.95	.75	0	0	0	0	0	0	0	0	0
\$7.25	\$7.50	1.00	.80	0	0	0	0	0	0	0	0	0
\$7.50	\$7.75	1.05	.85	0	0	0	0	0	0	0	0	0
\$7.75	\$8.00	1.10	.90	0	0	0	0	0	0	0	0	0
\$8.00	\$8.25	1.15	.95	0	0	0	0	0	0	0	0	0
\$8.25	\$8.50	1.20	1.00	0	0	0	0	0	0	0	0	0
\$8.50	\$8.75	1.25	1.05	0	0	0	0	0	0	0	0	0
\$8.75	\$9.00	1.30	1.10	0	0	0	0	0	0	0	0	0
\$9.00	\$9.25	1.35	1.15	0	0	0	0	0	0	0	0	0
\$9.25	\$9.50	1.40	1.20	0	0	0	0	0	0	0	0	0
\$9.50	\$9.75	1.45	1.25	0	0	0	0	0	0	0	0	0
\$9.75	\$10.00	1.50	1.30	0	0	0	0	0	0	0	0	0
\$10.00	\$10.50	1.55	1.35	0	0	0	0	0	0	0	0	0
\$10.50	\$11.00	1.60	1.40	0	0	0	0	0	0	0	0	0
\$11.00	\$11.50	1.65	1.45	0	0	0	0	0	0	0	0	0
\$11.50	\$12.00	1.70	1.50	0	0	0	0	0	0	0	0	0
\$12.00	\$12.50	1.75	1.55	0	0	0	0	0	0	0	0	0
\$12.50	\$13.00	1.80	1.60	0	0	0	0	0	0	0	0	0
\$13.00	\$13.50	1.85	1.65	0	0	0	0	0	0	0	0	0
\$13.50	\$14.00	1.90	1.70	0	0	0	0	0	0	0	0	0
\$14.00	\$14.50	2.00	1.75	0	0	0	0	0	0	0	0	0
\$14.50	\$15.00	2.05	1.80	0	0	0	0	0	0	0	0	0
\$15.00	\$15.50	2.10	1.85	0	0	0	0	0	0	0	0	0
\$15.50	\$16.00	2.15	1.90	0	0	0	0	0	0	0	0	0
\$16.00	\$16.50	2.20	1.95	0	0	0	0	0	0	0	0	0
\$16.50	\$17.00	2.25	2.00	0	0	0	0	0	0	0	0	0
\$17.00	\$17.50	2.30	2.05	0	0	0	0	0	0	0	0	0
\$17.50	\$18.00	2.35	2.10	0	0	0	0	0	0	0	0	0
\$18.00	\$18.50	2.40	2.15	0	0	0	0	0	0	0	0	0
\$18.50	\$19.00	2.45	2.20	0	0	0	0	0	0	0	0	0
\$19.00	\$19.50	2.50	2.25	0	0	0	0	0	0	0	0	0
\$19.50	\$20.00	2.55	2.30	0	0	0	0	0	0	0	0	0
\$20.00	\$21.00	3.00	2.75	0	0	0	0	0	0	0	0	0
\$21.00	\$22.00	3.15	2.90	0	0	0	0	0	0	0	0	0
\$22.00	\$23.00	3.30	3.05	0	0	0	0	0	0	0	0	0
\$23.00	\$24.00	3.45	3.20	0	0	0	0	0	0	0	0	0
\$24.00	\$25.00	3.60	3.35	0	0	0	0	0	0	0	0	0
\$25.00	\$26.00	3.75	3.50	0	0	0	0	0	0	0	0	0
\$26.00	\$27.00	3.90	3.65	0	0	0	0	0	0	0	0	0
\$27.00	\$28.00	4.05	3.80	0	0	0	0	0	0	0	0	0
\$28.00	\$29.00	4.20	3.95	0	0	0	0	0	0	0	0	0
\$29.00	\$30.00	4.35	4.10	0	0	0	0	0	0	0	0	0
15 percent of the excess over \$30 plus												
\$30.00 and over		4.45	4.20	3.95	3.75	3.50	3.30	3.05	2.85	2.60	2.35	2.15

(c) Effective date: The amendments made by this section shall be applicable only with respect to wages paid on or after June 1, 1947.

#### SEC. 6. Fiscal-Year Taxpayers.

(a) Income taxes: Section 108 of the Internal Revenue Code is hereby amended by striking out "(d)" at the beginning of subsection (d) and inserting in lieu thereof "(e)," and by inserting after subsection (c) the following:

"(d) Taxable years of individuals beginning in 1946 and ending in 1947: In the case of a taxable year of an individual beginning in 1946 and ending in 1947, the tax imposed by sections 11, 12, and 400 shall be an amount equal to the sum of—

"(1) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1946, were applicable to such taxable year, which the

number of days in such taxable year prior to January 1, 1947, bears to the total number of days in such taxable year, plus

"(2) that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1947, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1946, bears to the total number of days in such taxable year."

Mr. KNUTSON (interrupting the reading of the committee amendment). Mr. Chairman, there has been a general understanding that we would vote at 2 o'clock, for the convenience of a great many Members who have expressed the wish to leave for their homes this evening. I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. FORAND. Reserving the right to object, Mr. Chairman, it may be all right to dispense with the reading of it, but I would like to have a full explanation of the Martin amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. FORAND. I object, Mr. Chairman.

Mr. KNUTSON. If the gentleman is going to object, we will have to read the bill, and he will have to take the responsibility.

Mr. FORAND. If the gentleman cannot give us an explanation of the amendment, I will have to object.

Mr. HALLECK. Mr. Chairman, reserving the right to object, I understand

There will be 5 minutes on the committee amendment which can be used for the explanation of the committee amendment, and then 5 minutes against it.

Mr. FORAND. I do not think you can explain it, but under those considerations I will withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. Is there anyone who wishes recognition in support of the amendment? If not, the question is on the committee amendment.

The committee amendment was agreed to.

Mr. FORAND. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FORAND. Is that the explanation that was promised to us by the gentlemen on the other side?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. FORAND. That is very nice, may I say to the gentleman from Indiana. I appreciate that. The Chairman did not recognize anyone to speak on the amendment.

The CHAIRMAN. The Chair invited someone to rise, and no one rose.

Mr. HALLECK. I did not so understand it, and am in good faith about it. Certainly, I may say to the gentleman from Rhode Island, I think the Chair should recognize some member of the committee to discuss the amendment and answer any questions that may be raised about it, and certainly anyone in opposition to the amendment is entitled to be recognized for 5 minutes in order that he may state his views in respect to it.

Mr. JENKINS of Ohio. Mr. Chairman, if the gentleman will yield, I might say that the Martin amendment is all one amendment, and that is what we have been talking about.

Mr. McCORMACK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. My point of order is that the amendment has apparently been adopted and, as I see it, there has to be unanimous consent to have the action vacated in order that further proceedings may be had.

The CHAIRMAN. The gentleman is correct. The amendment was agreed to.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the proceedings by which the amendment was adopted be vacated so that we can go along in an orderly way.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The Chair will again invite anyone who desires to do so to speak on the committee amendment.

Mr. FORAND. Mr. Chairman, I still request that explanation that is going to come from the other side. If they do not explain it we will have to assume that they do not understand it themselves.

Mr. REED of New York. Mr. Chairman, I rise in support of the committee amendment.

What the gentleman refers to is the exemption? It is so clear in the committee report that I fail to see how there can be any question about it.

Mr. FORAND. If it is so clear, I wish the gentleman would explain it to those of us who are so dense that we cannot understand it.

Mr. REED of New York. I am sorry for the gentleman if he cannot understand it.

Mr. McCORMACK. May I suggest that somebody on the gentleman's side make an explanation of the amendment, in accordance with the understanding, which through a misunderstanding was not carried out?

Mr. KNUTSON. In short, the Martin amendment merely provides that one cannot take more than one deduction. He can take his choice of exemptions.

Mr. REED of New York. The Martin amendment is just to prevent a pyramiding of deductions, that is all. The taxpayer can take his choice of exemptions.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Nebraska.

Mr. CURTIS. I do not think there is any amendment that can be singled out as the Martin amendment, because all the committee amendments were adopted as one amendment. There is a provision in the bill that gives an additional personal exemption of \$500 to individuals over 65. That was put in there to meet a number of problems. Some people draw retirement benefits and are exempt from tax thereon. Some people draw retirement benefits that are taxable. Others of our aged people draw no retirement at all, and they must pay taxes, and they must also pay taxes for their neighbor who is tax exempt. To meet that situation and to take care of those people who are advanced in years, and whose opportunities for continued employment and new jobs are not very good, we have given this additional exemption.

The Martin amendment says in effect that if they avail themselves of this additional \$500 exemption they cannot take any special exemption which is provided in certain retirement laws. For instance, railroad retirement benefits are exempt from taxation. We require the individual over 65 who is drawing those benefits to choose between that particular benefit and this \$500 benefit. He cannot have both. The essence of the Martin amendment is that he is not entitled to both.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes so some of us can ask a question or two on this important amendment.

Mr. HALLECK. I object, Mr. Chairman.

Mr. REED of New York. I will say to the gentleman that the reason I was absolutely astonished that the question should come from such a highly intelligent source as it did was the fact that

this is explained fully in the committee report.

Mr. McCORMACK. Mr. Chairman, the gentleman's time expired, a request was made for an extension of time, and objection was heard.

Mr. EBERHARTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the Martin amendment. I am opposed to the amendment which would grant a special exemption to people who are 65 years of age for no other reason than the fact that they are 65 years of age.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I am glad to yield to the gentleman.

Mr. MONRONEY. I asked the distinguished gentleman from New York [Mr. REED] to yield for a question since he was one of the proponents of that measure. As I understand it, any Member of Congress over 65 years of age under this amendment now gets an additional \$500 exemption.

Mr. EBERHARTER. That is correct. Mr. MONRONEY. And the average age of the Congress is virtually 65?

Mr. EBERHARTER. The general public throughout the country knows the salaries of each Member of Congress. The salary is the same for every one of the 435 Members. But this amendment of Mr. KNUTSON's gives some Members of the Congress a \$500 exemption for no reason at all but that they are lucky enough to stay in Congress until they are 65 years of age. There is no sense in any such proposal.

Mr. Chairman, there is another very important complication in this amendment. It allows an exemption for the wife and the husband both of \$500, providing each is 65 years of age and also providing that each one has an income of more than \$500. Suppose the wife has an income of \$499. Then, she does not get the \$500 exemption. If she has an income of \$501, she gets the exemption of \$500. In other words, if you add even \$2 to a \$499 income to bring it up over the \$500 mark you get an exemption of \$500. Thus you can reduce your tax \$66.50 by adding \$2 additional income.

Mr. DINGELL. That is, on each \$500.

Mr. EBERHARTER. The Bureau of Internal Revenue is going to be faced with a new problem—the problem of these people who may overstate their income so as to get the benefit of this \$500 exemption. Goodness knows the Bureau of Internal Revenue has plenty of problems with people understating their returns, but with this amendment there will be thousands upon thousands of people who can overstate their returns by a few dollars—perhaps \$50 or \$100 or \$10 or \$1—and thereby gain an additional reduction in the tax of \$66.50.

I want to bring that to the attention of the Members of the House so that they will know how deeply the majority committee members went into this question after they got their instructions from the caucus which was held by the Republican Party. Many of the gentlemen of the majority will hope that the next time they are called together in a caucus they will not be bound by the



Republican leaders to vote for any measure until it is properly explained to them and until it has been debated on the floor of the House so that they can know something about it.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. FORAND. Is it not a fact that when this amendment was brought up in committee the legislative counsel informed the chairman—that was on a Friday—that they could not possibly get this amendment because it was so complicated?

Mr. EBERHARTER. That is absolutely correct. The amendment was not drawn in proper form.

Mr. FORAND. We did not even see it.

Mr. EBERHARTER. The amendment was not drawn in proper form at the time it was voted into the bill, and the suggestion was made that we could meet again and consider it. But, of course, they were in a hurry and their plans were already made.

The CHAIRMAN. The question is on the committee amendment.

Mr. CURTIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CURTIS. Is it not true that the committee amendment includes the amendment for an additional reduction of 30 percent in the income bracket of \$1,000 surtax?

The CHAIRMAN. The gentleman does not propound a parliamentary inquiry.

The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. HALLECK and Mr. EBERHARTER) there were—ayes 196, noes 133.

So the amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CASE of South Dakota, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 1) to reduce individual income-tax payments, pursuant to House Resolution 161, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. MARCANTONIO. Mr. Speaker, I ask for the reading of the engrossed copy of the bill.

The SPEAKER. The request of the gentleman from New York is premature.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. MARCANTONIO. Mr. Speaker, I demand a reading of the engrossed copy of the bill.

The SPEAKER. Obviously, that cannot be done at this time. The bill will have to be laid aside temporarily until it can be engrossed. We hope to have it before 6 o'clock.

Mr. MARCANTONIO. Mr. Speaker, in view of the situation with respect to some of the Members who wish to get home, I withdraw my request.

The bill was read the third time.

The SPEAKER. The question is upon the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DOUGHTON. I certainly am.

The SPEAKER. The gentleman qualifies.

The Clerk read as follows:

Mr. DOUGHTON moves to recommit the bill H. R. 1 to the Committee on Ways and Means for further study, with instructions not to report a tax-reduction bill until the Congress has passed the several appropriation bills and to consider individual income-tax reduction as a part of our over-all postwar tax program, and providing for more equitable relief in the lower income brackets.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. DOUGHTON. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 237, not voting 23, as follows:

#### [Roll No. 29]

#### YEAS—172

Abernethy	Elliott	Lea
Albert	Engel, Mich.	Lesinski
Allen, La.	Engle, Calif.	Lucas
Almond	Evins	Lusk
Andersen,	Fallon	Lyle
H. Carl	Fernandez	Lynch
Andrews, Ala.	Fisher	McCormack
Barden	Flannagan	McMillan, S. C.
Bates, Ky.	Fogarty	Madden
Battle	Foiger	Mahon
Beckworth	Forand	Manasco
Bell	Gary	Mansfield,
Blatnik	Gathings	Mont.
Bloom	Gordon	Mansfield, Tex.
Boggs, La.	Gore	Marcantonio
Bonner	Gorski	Meade, Md.
Brooks	Gossett	Miller, Calif.
Brown, Ga.	Granger	Mills
Bryson	Grant, Ala.	Monroney
Buchanan	Gregory	Morgan
Buckley	Hardy	Morris
Burleson	Harless, Ariz.	Morrison
Byrne, N. Y.	Harris	Murdock
Camp	Harrison	Murray, Tenn.
Carroll	Hart	Norrell
Celler	Havener	Norton
Chapman	Hays	O'Brien
Chelf	Hébert	O'Toole
Clark	Hedrick	Pace
Clements	Heffernan	Patman
Colmer	Hendricks	Peden
Combs	Hobbs	Peterson
Cooley	Holfield	Pfeiffer
Cooper	Huber	Pickett
Courtney	Jackson, Wash.	Poage
Cox	Jarman	Powell
Cravens	Johnson, Okla.	Preston
Crosser	Jones, Ala.	Price, Fla.
D'Alessandro	Jones, N. C.	Price, Ill.
Davis, Ga.	Karsten, Mo.	Priest
Deane	Kee	Rabin
Dingell	Kefauver	Rains
Domengaues	Kelley	Rankin
Donohue	Kerr	Rayburn
Dorn	King	Rayfield
Doughton	Kirwan	Redden
Drewry	Klein	Richards
Durham	Lane	Riley
Eberhart	Lanham	Rogers, Fla.

Rooney  
Sabath  
Sadowski  
Sasser  
Sheppard  
Sikes  
Smathers  
Smith, Va.  
Somers

Spence  
Stanley  
Stigler  
Teague  
Thomas, Tex.  
Thomason  
Trimble  
Walter  
West

Wheeler  
Whitten  
Whittington  
Williams  
Wilson, Tex.  
Winstead  
Wood  
Worley  
Zimmerman

#### NAYS—237

Allen, Calif.	Graham	Muhlenberg
Allen, Ill.	Grant, Ind.	Murray, Wis.
Anderson, Calif.	Griffiths	Nixon
Andresen,	Gross	Nodar
August H.	Gwinn, N. Y.	Norblad
Andrews, N. Y.	Gwynne, Iowa	Norman
Angell	Hagen	O'Hara
Arends	Hale	Owens
Arnold	Hall	Passman
Auchincloss	Edwin Arthur	Patterson
Bakewell	Hall	Philbin
Banta	Leonard W.	Phillips, Calif.
Bates, Mass.	Halleck	Phillips, Tenn.
Beall	Hand	Ploer
Bender	Harness, Ind.	Purnley
Bennett, Mich.	Hartley	Potts
Bennett, Mo.	Herter	Poulson
Bishop	Heseltin	Ramey
Blackney	Hess	Reed, Ill.
Boggs, Del.	Hill	Reed, N. Y.
Bolton	Hinshaw	Rees
Boykin	Hoeyen	Reeves
Bradley, Calif.	Hoffman	Rich
Bramblett	Holmes	Riehlman
Brehm	Hope	Rizley
Brophy	Horan	Robertson
Brown, Ohio	Howell	Robison
Buck	Jackson, Calif.	Rockwell
Buffett	Javits	Rogers, Mass.
Burke	Jenison	Rohrbough
Busbey	Jenkins, Ohio	Ross
Butler	Jenkins, Pa.	Russell
Byrnes, Wis.	Jennings	Sadlak
Canfield	Jensen	St. George
Carson	Johnson, Calif.	Sanborn
Case, N. J.	Johnson, Ill.	Sarbacher
Case, S. Dak.	Johnson, Ind.	Schwabe, Mo.
Chadwick	Jones, Ohio	Schwabe, Okla.
Chenoweth	Jones, Wash.	Scoblick
Chiperfield	Jonkman	Scott, Hardie
Church	Judd	Scott,
Clason	Kean	Hugh D., Jr.
Clevenger	Kearney	Scribner
Clippinger	Kearns	Seely-Brown
Coffin	Keating	Shafer
Cole, Kans.	Keefe	Short
Cole, Mo.	Kersten, Wis.	Simpson, Ill.
Cole, N. Y.	Kilburn	Smith, Kans.
Corbett	Knutson	Smith, Maine
Cotton	Kunkel	Smith, Ohio
Coudert	Landis	Smith, Wis.
Crawford	Larcade	Snyder
Crow	Latham	Springer
Cunningham	LeCompte	Stefan
Curtis	LeFevre	Stevenson
Dague	Lemke	Stockman
Dawson, Utah	Lewis	Stratton
Devitt	Lodge	Sundstrom
D'Ewart	Love	Taber
Dirksen	McConnell	Talle
Dolliver	McCowan	Taylor
Dondero	McDonough	Thomas, N. J.
Eaton	McDowell	Tibbott
Ellis	McGarvey	Tollefson
Elsworth	McGregor	Towe
Elsaesser	McMahon	Twyman
Elston	McMillen, Ill.	Vail
Fellows	MacKinnon	Van Zandt
Fenton	Macy	Vorys
Fletcher	Maloney	Vursell
Foot	Martin, Iowa	Wadsworth
Fulton	Mason	Weichel
Gallagher	Mathews	Welch
Gamble	Meade, Ky.	Wigglesworth
Gavin	Merrow	Wilson, Ind.
Gearhart	Meyer	Wolcott
Gifford	Michener	Wolverton
Gillette	Miller, Conn.	Woodruff
Gille	Miller, Md.	Youngblood
Goff	Miller, Nebr.	
Goodwin	Mitchell	

#### NOT VOTING—23

Barrett	Douglas	Kilday
Bland	Feighan	Morton
Bradley, Mich.	Fuller	Mundt
Bulwinkle	Gerlach	O'Konski
Cannon	Hull	Rivers
Davis, Tenn.	Johnson, Tex.	Simpson, Pa.
Dawson, Ill.	Kennedy	Vinson
Delaney	Keogh	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Feighan for, with Mr. Simpson of Pennsylvania against.

Mr. Vinson for, with Mr. Gerlach against.

Mr. Keogh for, with Mr. Barrett against.

Mr. Delaney for, with Mr. Fuller against.

Mr. Bland for, with Mr. Bradley of Michigan against.

Mr. Hull for, with Mr. Morton against.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on the passage of the bill.

Mr. KNUTSON. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 273, nays 137, not voting 22, as follows:

[Roll No. 30]

YEAS—273

Allen, Calif.	Ellis	Keefe
Allen, Ill.	Ellsworth	Kersten, Wis.
Allen, La.	Elsasser	Kilburn
Anderson, Calif.	Elston	Knutson
Andresen.	Engle, Calif.	Kunkel
August H.	Fallon	Landis
Andrews, N. Y.	Fellows	Larcade
Angell	Fenton	Latham
Arends	Fisher	Lea
Arnold	Fletcher	LeCompte
Auchincloss	Foot	LeFevre
Bakewell	Fulton	Lemke
Banta	Gallagher	Lewis
Bates, Mass.	Gamble	Lodge
Beall	Gathings	Love
Bender	Gavin	Lucas
Bennett, Mich.	Gearhart	McConnell
Bennett, Mo.	Gifford	McCowan
Bishop	Gillette	McDonough
Blackney	Gillie	McDowell
Boggs, Del.	Goff	McGarvey
Bolton	Goodwin	McGregor
Boykin	Graham	McMahon
Bradley, Calif.	Grant, Ind.	McMillan, S. C.
Bramblett	Griffiths	McMillen, Ill.
Brehm	Gross	MacKinnon
Brooks	Gwinn, N. Y.	Macy
Brophy	Gwynne, Iowa	Maloney
Brown, Ohio	Hagen	Mansfield, Tex.
Buck	Hale	Martin, Iowa
Burke	Hall	Mason
Busbey	Edwin Arthur	Mathews
Butler	Hall	Meade, Ky.
Byrnes, Wis.	Leonard W.	Meade, Md.
Canfield	Halleck	Merrrow
Carson	Hand	Meyer
Case, N. J.	Harness, Ind.	Michener
Case, S. Dak.	Hart	Miller, Conn.
Chadwick	Hartley	Miller, Md.
Chenoweth	Hébert	Miller, Nebr.
Chiperfield	Hedrick	Mitchell
Church	Hendricks	Morrison
Clason	Herter	Muhlenberg
Clevenger	Heselton	Mundt
Clippinger	Hess	Murray, Wis.
Coffin	Hill	Nixon
Cole, Kans.	Hinshaw	Nodar
Cole, Mo.	Hoeven	Norblad
Cole, N. Y.	Hoffman	Norman
Corbett	Holmes	Norrell
Cotton	Hope	O'Hara
Coudert	Horan	O'Toole
Cox	Howell	Owens
Crawford	Jackson, Calif.	Passman
Crow	Javits	Patterson
Cunningham	Jenison	Peterson
Curtis	Jenkins, Ohio	Philbin
Dague	Jenkins, Pa.	Phillips, Calif.
D'Alesandro	Jennings	Phillips, Tenn.
Davis, Ga.	Jensen	Ploeser
Dawson, Utah	Johnson, Calif.	Plumley
Devitt	Johnson, Ill.	Potts
D'Ewart	Johnson, Ind.	Poulson
Dirksen	Jones, Ohio	Preston
Dolliver	Jones, Wash.	Price, Fla.
Domengeaux	Jonkman	Ramey
Dondero	Judd	Rankin
Donohue	Kean	Redden
Dorn	Kearney	Reed, Ill.
Eaton	Kearns	Reed, N. Y.
Elliott	Keating	Rees

Reeves  
Rich  
Riehlman  
Rizley  
Robertson  
Robison  
Rockwell  
Rogers, Fla.  
Rogers, Mass.  
Rohrbough  
Ross  
Russell  
Sadlak  
St. George  
Sanborn  
Sarbacher  
Schwabe, Mo.  
Schwabe, Okla.  
Scoblick  
Scott, Hardie  
Scott,  
Hugh D., Jr.

NAYS—137

Abernethy	Folger	Millis
Albert	Forand	Monroney
Almond	Gary	Morgan
Andersen,	Gordon	Morris
H. Carl	Gore	Murdoch
Andrews, Ala.	Gorski	Murray, Tenn.
Barden	Gossett	Norton
Bates, Ky.	Granger	O'Brien
Battle	Grant, Ala.	Pace
Beckworth	Gregory	Patman
Bell	Hardy	Peden
Blatnik	Harless, Ariz.	Pfeifer
Bloom	Harris	Pickett
Boggs, La.	Harrison	Poage
Bonner	Havenner	Powell
Brown, Ga.	Hays	Price, Ill.
Bryson	Heffernan	Priest
Buchanan	Hobbs	Rabin
Buckley	Holifield	Rains
Buffett	Huber	Rayburn
Burleson	Jackson, Wash.	Rayfield
Byrne, N. Y.	Jarman	Richards
Camp	Johnson, Okla.	Riley
Carroll	Jones, Ala.	Rooney
Celler	Jones, N. C.	Sabath
Chapman	Karsten, Mo.	Sadowski
Cheif	Kee	Sasser
Clark	Kefauver	Sheppard
Clements	Kelley	Sikes
Colmer	Kerr	Smathers
Combs	King	Smith, Va.
Cooley	Kirwan	Somers
Cooper	Klein	Spence
Courtney	Lane	Stanley
Cravens	Lanham	Stigler
Crosser	Lesinski	Teague
Deane	Lusk	Thomason
Dingell	Lyle	Trimble
Doughton	Lynch	Walter
Drewry	McCormack	Wheeler
Durham	Madden	Whitten
Eberhart	Manasco	Williams
Engel, Mich.	Mansfield,	Winstead
Evins	Mont.	Worley
Fernandez	Marcantonio	Zimmerman
Flannagan	Miller, Calif.	
Fogarty		

NOT VOTING—22

Barrett	Douglas	Kilday
Bland	Feighan	Morton
Bradley, Mich.	Fuller	O'Konski
Bulwinkle	Gerlach	Rivers
Cannon	Hull	Simpson, Pa.
Davis, Tenn.	Johnson, Tex.	Vinson
Dawson, Ill.	Kennedy	
Delaney	Keogh	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Simpson of Pennsylvania for, with Mr. Feighan against.

Mr. Gerlach for, with Mr. Vinson against.

Mr. Barrett for, with Mr. Keogh against.

Mr. Fuller for, with Mr. Delaney against.

Mr. Bradley of Michigan for, with Mr. Bland against.

Mr. Morton for, with Mr. Hull against.

Mr. EVINS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their own remarks on the bill just passed by the House.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 931. An act to extend certain powers of the President under title III of the Second War Powers Act.

DEFICIENCY APPROPRIATIONS BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on the deficiency bill.

Mr. MAHON. Mr. Speaker, I reserve all points of order on the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend his remarks and include a report by Mr. Mellon, Secretary of the Treasury in the year 1925.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. GEARHART asked and was given permission to extend the remarks he made in Committee of the Whole and include a statement.

Mr. SMITH of Ohio asked and was given permission to extend his remarks in the RECORD and include certain correspondence with the Secretary of the Treasury.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD in two instances and include an editorial from the Concord Monitor and the Washington Post.

Mr. VAN ZANDT asked and was given permission to extend his remarks in the RECORD concerning organized veterans' opposition to the combining of the Army and Navy.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in two instances and in one to include an editorial and in the other an article.

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include a letter from Mr. Carl H. Wilkin, economic analyst to William S. Hill, with reference to wool.

Mr. McDONOUGH asked and was given permission to extend his remarks in the RECORD and include a statement by the Fleet Reserve Association.

Mrs. BOLTON asked and was given permission to extend her remarks in the RECORD and include three commentaries



on Colonel Blanchfield, the retiring head of the Army Nurse Corps.

Mr. MURDOCK asked and was given permission to extend his remarks in the RECORD and include a telegram received today.

Mr. BECKWORTH asked and was given permission to extend his remarks in the RECORD.

Mr. MADDEN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. POWELL asked and was given permission to extend his remarks in the RECORD and include a letter from the Methodist Federation for Social Service.

Mr. FORAND asked and was given permission to revise and extend the remarks he made in Committee of the Whole and include certain tables and excerpts.

Mr. ROONEY asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

#### OFFICE OF SELECTIVE SERVICE RECORDS

Mr. SHORT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 918) to establish an Office of Selective Service Records to liquidate the Selective Service System following the termination of its functions on March 31, 1947, and to preserve and service the selective-service records, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. THOMASON. Mr. Speaker, reserving the right to object, will the gentleman from Missouri explain the present status of this bill and explain its provisions.

Mr. SHORT. Mr. Speaker, under existing law the Selective Service System automatically expires next Monday at midnight, March 31, 1947. As far as I am concerned, I am perfectly willing for it to breathe its last. But it is necessary that we maintain the records and files of more than 15,000,000 men and women who served in the armed forces during the recent global conflict. This bill simply provides for the liquidation of the Selective Service System, but it establishes an Office of Selective Service Records. There is a Director who receives a salary of \$10,000, and he will have authority and power to appoint and fix compensation, within certain bounds which our committee wrote into the bill this morning, to transfer those records from the local county boards or similar political subdivisions to a central State headquarters. He must liquidate the Selective Service System as rapidly following March 31 of this year as possible and not later than March 31, 1948.

Mr. THOMASON. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield.

Mr. THOMASON. As I understand, a subcommittee of the Committee on the Armed Services met this morning and now brings in different provisions than those contained in the bill reported a few days ago.

Mr. SHORT. Yes.

Mr. THOMASON. I would appreciate it, as I am sure would the other Members present, if the gentleman from Missouri would explain the bill he now pro-

poses and the one which was reported to the House a few days ago which I understood at that time was not in agreement with the bill that was passed by the Senate.

Mr. SHORT. By direction of the Committee on Armed Services I have several amendments at the Clerk's desk.

Mr. Speaker, I ask unanimous consent that the Clerk may read these amendments at this time. If the gentleman from Texas has a copy of the bill S. 918 and follows the reading of the amendments he can note the changes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

On page 2, line 13, strike out the parenthesis and the small letter "a" occurring immediately after the figure "4" in section 4.

On page 2, line 15, after the word "records", strike out the period and insert the word "and."

On page 2, line 16, strike out the parenthesis and the small "b" at the beginning of the line and change the capital "A" in the word "Authority" to a small "a."

Page 2, line 23, change the colon to a period and strike out the following proviso in this line and 24, and 25.

On page 4 strike out all of subsection (2) through and including lines 1 through 4 on page 5.

On page 5, in lines 5, 10, 16, and 20, change the subsections from "3, 4, 5, and 6" to "2, 3, 4, and 5" respectively.

On page 5, line 17, after the word "employees", insert a parenthesis and the words "not to exceed 1,200 in number by November 1, 1947", and insert a parenthesis after "1947."

On page 5, line 19, after the word "amended", change the semicolon to a colon and insert the words "Provided, That the compensation of such persons shall not be in excess of that provided in said act."

Page 7, line 7, following the word "section", add a comma and insert the following: "or any person or persons who shall unlawfully obtain, gain access to, or use such records."

Page 7, line 19, strike out the parentheses and the enclosed small letter "a" appearing after the "9" in section 9.

Beginning in line 22, page 7, strike out all of subparagraphs "b" and "c" in section 9 as appearing on pages 7 and 8.

Mr. SHORT. Mr. Speaker, if the gentleman from Texas will yield, I might state that the Selective Service System, beginning this fiscal year on July 1 last, had about 12,000 employees. That number has been reduced to 7,500 at the present time and under the provisions of this act it is to be further reduced to 5,000 by June 1, and by November 1 of this year there will be not more than 1,200.

Mr. THOMASON. Mr. Speaker, I will say in reply to the gentleman from Missouri that I find myself very much in accord with the statement the gentleman has just made. These, of course, are very valuable records and we are all interested in their preservation, but I believe the membership will appreciate it if the gentleman from Missouri will explain what persons would have access to these records, and, further, if veterans will find them easily accessible if they are sent to State headquarters in the respective States.

As I understand it, the bill that was proposed by the other body left these

records in the counties where they are now situated. The gentleman by his amendment sets up State headquarters in every State. Certainly the records ought to be accessible to the veterans because they will probably have to refer to them about matters of compensation, the date of entry into the service, and many other things, for they probably have not kept individual records of this exact data that would be necessary for the making out of claims against the Government. So I think it ought to be made plain that you do propose to keep these State headquarters in the respective States and they will all be easily accessible to the veterans. They should not be accessible to other people, like creditors or curiosity seekers.

Mr. SHORT. I may say to the gentleman that section 7 of the bill protects everything of a confidential nature and anyone who unlawfully reveals or gains access to this confidential material is subject to a fine of \$10,000 and 5 years' imprisonment.

Mr. THOMASON. Can the veteran inspect his own personal record?

Mr. SHORT. Yes; it will be accessible to him. If the gentleman will bear with me a minute, I may say that during the First World War we had about 4,000,000 of these records to deal with and between the First and Second World Wars we had approximately 500 employed by the Government to service these records. Of course, in the last war we have over 15,000,000, and we propose to have 1,200 employees under this bill.

Mr. THOMASON. You are setting up a Federal director here in Washington. I would like to know what his jurisdiction will be and also what the jurisdiction and authority of the State directors will be who are going to be the custodians of these records.

Mr. ANDREWS of New York. If the gentleman from Texas had been present at the committee meeting this morning he would know that we voted in favor of an amendment offered by the gentleman from Ohio to protect the very thing of which the gentleman speaks.

Mr. THOMASON. I am not in opposition to the bill, and I regret it was impossible for me to be at the meeting of the subcommittee this morning, but I think the RECORD ought to show and the membership ought to know what the changes are. I am going to ask the gentleman from Missouri to explain them.

Mr. SHORT. I tried to explain them.

Mr. THOMASON. I am satisfied.

Mr. ANDREWS of New York. The Department of Justice, the Veterans' Bureau, and any governmental agencies that enter into the picture under certain conditions have the right to see these records. It was that very thing that led to the amendment to protect the rights of the veteran in connection with reemployment or in connection with the service records of veterans in connection with State bonuses or anything in that category.

Mr. THOMASON. I think the RECORD should show what these changes are.

Mr. SHORT. Most of these State headquarters will be, I presume, at the State capital; however, in Florida, for example, the records will be kept at St.

Augustine, which has always been the seat of the State military government. In Delaware they will perhaps be kept in the vault of the fort over there instead of the State capital.

Mr. BROOKS. When will we be able to get rid of these 1,200 employees that it is proposed to use to liquidate these records?

Mr. SHORT. No one can say. That is one of the portions I objected to. Our experience in the last war was that the records were not destroyed until 1941.

Mr. BROOKS. May I ask the gentleman, and I know he can explain the situation, why do we have to maintain and service these records over a long period of time?

Mr. SHORT. We have not yet reached the peak of inquiry from veterans. The Department of Justice work will be less and less all the time because there are fewer prosecutions. The Veterans' Administration, however, finds that its work is increasing and will increase for the next 4 or 5 years. After that you will naturally have a rather gradual to steep decline.

Mr. BROOKS. I am not going to object to the bill.

Mr. SHORT. I would not care particularly if the gentleman did.

Mr. BROOKS. I want to see it enacted as quickly as possible, just as the gentleman does. May I ask the gentleman this: The Senate report indicates it will cost \$20,000,000?

Mr. SHORT. For the next year.

Mr. BROOKS. To get this out of the way. During this time we are not drafting a single man. What does the gentleman think of the cost of storing these records?

Mr. SHORT. I think it is next to unpardonable. I think it is terrible, but what are you going to do about it? We have already obligated \$11,000,000 to dispose of these records.

Mr. BROOKS. There are not a great many of them, are there?

Mr. SHORT. You are going to spend \$5,000,000 to give these people leave after discharge if we start folding up next Monday. But that was all done under the New Deal. That was before we got control of the House.

Mr. MILLER of Nebraska. Mr. Speaker, reserving the right to object, a few days ago I objected to the consideration of this bill, feeling there were some things in it not clear to the membership as the bill came over from the other body, and I would like to have the gentleman from Missouri explain a few things now in the bill. I think it is a much better bill than when it came over to us. I was over to the hearing this morning when the Armed Services Committee was meeting, and I heard General Hershey's remarks relative to the bill. I would like to ask the gentleman from Missouri this: This really extends selective service until March 1948; is that correct?

Mr. SHORT. It cannot go beyond that. It is to liquidate as quickly as possible following next Monday.

Mr. MILLER of Nebraska. Of course, many of us thought a year ago, when we extended it to March 31, it was really going to end then.

Mr. SHORT. I said then on the floor, and I certainly said in committee at that time, that if we extend it until March 31, 1947, they will be back here asking for another extension, and that is what they are doing.

Mr. MILLER of Nebraska. And now we are really setting up another committee to supervise the liquidation of selective service.

Mr. SHORT. That is right; liquidate the liquidator.

Mr. MILLER of Nebraska. I think the gentleman said they did limit the number not to exceed 1,200 in employment.

Mr. SHORT. By November 1, this year, not more than 1,200 employees, and we also set a limit on the compensation or wages of these employees, an amendment offered by the gentleman from Virginia [Mr. DURHAM].

Mr. MILLER of Nebraska. The bill of 2 days ago, to which I objected, set the cost in the counties for the handling of these records. Now they are transferred to a central office?

Mr. SHORT. That is right.

Mr. MILLER of Nebraska. As to the matter of the authority of the Director of this service, is he somewhat circumscribed in his ability to issue rules and regulations or does this give him a wide-open field here in the original bill?

Mr. SHORT. He has got pretty broad authority. He necessarily must have pretty broad authority, but there are certain limitations.

Mr. MILLER of Nebraska. Does the gentleman feel that this bill we are reporting now is a better bill than we had a few days ago?

Mr. SHORT. I think it is an infinitely better bill, and I want to congratulate the gentleman from Nebraska for having objected to its consideration when it was first brought in.

Mr. MILLER of Nebraska. Well, with that compliment, I withdraw my reservation of objection.

Mr. DURHAM. Mr. Speaker, further reserving the right to object, certainly the gentleman from Missouri feels it is necessary to do something. He made the statement that we would be coming in here with a piece of legislation which would continue the operation of the Selective Service System. We have to do something with these records. Of course, I feel we are making a mistake by transferring these records to a central division. I think they ought to be left in the counties where they can be used, and used more conveniently. Most of the State capitals at the present time, and the big cities, are crowded with people, and there will be no place to keep them, and it is going to be very difficult to find storage space in fireproof buildings. At the present time most of them are safe.

Mr. SHORT. They do not necessarily have to go to the State capital. They are to go to a central record depot.

Mr. DURHAM. But you will have to move all your personnel, and we are going to have to move the records, too, of course, which would require space.

Mr. SHORT. Sure, you would have to spend a lot of money even if you burned them or destroyed them. I believe the

transportation cost is around two or three million dollars.

Mr. ANDREWS of New York. Mr. Speaker, if the gentleman will yield, I would like to say that the cost of this transportation, the moving of typewriters, desks, chairs, and so forth, will be about \$11,000,000.

Mr. SHORT. There is \$5,000,000 of equipment, chairs, desks, typewriters, and the like which, under this act, the Director can turn over to the National Guard or the Organized Reserve or perhaps even give some to the county governments.

Mr. DURHAM. I withdraw my reservation of objection, Mr. Speaker.

Mr. ROBSION. Reserving the right to object, Mr. Speaker, there are about 15,000,000 of these records?

Mr. SHORT. Yes.

Mr. ANDREWS of New York. There are 44,000,000 records, but 15,000,000 of them refer to those who actually served.

Mr. ROBSION. Twenty million dollars sounds like a large sum of money, but if it is to take care of these 15,000,000 records that apply to those who actually served, it is a cost of \$1.33 per record. I think there ought to be a central place where the records can be preserved. They might be well preserved in some counties, but in many counties they would soon be scattered.

Mr. FOLGER. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Missouri if this bill goes any further than to preserve the records already made, or does it in truth extend the selective-service law?

Mr. SHORT. No. I had that impression myself, I may say to the gentleman, and I did not want to vote for any measure that would extend it. I think this really closes it. It is to fold up and to preserve these records and get them in shape.

Mr. FOLGER. Is the gentleman now satisfied that that is the case?

Mr. SHORT. I am. They have to do it not later than March 31 of next year, but the bill says as quickly as possible.

Mr. FOLGER. It does not extend the selective-service power beyond that time?

Mr. SHORT. No. The act expires on midnight next Monday.

Mr. FOLGER. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That there is hereby established an Office of Selective Service Records, to be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$10,000 per year.

SEC. 2. The functions, duties, and responsibilities of the Office of Selective Service Records shall be (a) to liquidate the Selective Service System, which liquidation shall be completed as rapidly as possible after March 31, 1947, but in any event not later than March 31, 1948, except as herein provided; (b) to preserve and service the records of Selective Service; and (c) to perform such other duties relating to the preservation of records, knowledge, and methods of Selective Service, not inconsistent with law.



Sec. 3. The unexpended balances of funds available to the Selective Service System are hereby made available to the Office of Selective Service Records for the purposes of this act and such additional appropriations as are necessary therefor are hereby authorized.

Sec. 4. (a) All property, records, and personnel of the Selective Service System are hereby transferred to the Office of Selective Service Records.

(b) Authority is hereby granted to the Director of the Office of Selective Service Records to transfer, without reimbursement, and with the approval of the War Assets Administration, to the National Guard in the several States, the District of Columbia, and Territories and possessions of the United States, or to the Organized Reserves of the armed forces, surplus property of the Selective Service System: *Provided*, That no surplus property will be so transferred by the Director of the Office of Selective Service Records prior to July 1, 1947.

Sec. 5. (a) Pursuant to the third sentence of section 7 of Public Law 473, approved June 29, 1946, all functions and responsibilities of the Personnel Division, National Headquarters, Selective Service System, established under authority of section 8 (g) of the Selective Training and Service Act of 1940, as amended, together with so much of the records of the Selective Service System, and so much of the unexpended balances of appropriations of the Selective Service System, as the Director of the Bureau of the Budget may determine to relate primarily to such functions, are hereby transferred, effective March 29, 1947, from the Selective Service System to the Secretary of Labor.

(b) The second sentence of section 600 (a) of Public Law 346, approved June 22, 1944, is hereby amended by substituting the words "Director of the Office of Selective Service Records" for the words "Director of the National Selective Service System."

(c) Section 600 (c) of Public Law 346, approved June 22, 1944, is hereby amended by substituting the words "Office of Selective Service Records" for the words "Veterans' Personnel Division, National Selective Service System."

Sec. 6. (a) The Director is authorized—

(1) to prescribe the necessary rules and regulations to carry out the provisions of this act;

(2) to create and establish local record depots in the several States, the District of Columbia, Territories and possessions of the United States, and such other agencies as may be necessary to carry out the provisions of this act. There shall be created one or more local record depots in each county or political subdivision corresponding thereto of each State, the District of Columbia, Territories, and possessions of the United States. Each local record depot shall be under the administration of a local board, consisting of the members of the present Selective Service local boards, and shall consist of three or more members. Any vacancy on such board shall be filled by the Director upon recommendation of the Governors or comparable executive officials: *Provided*, That the Director may establish intercounty local record depots for an area not exceeding five counties within a State or comparable jurisdiction when the Director determines, after considering the public interest involved, and the recommendations of the Governors or comparable executive official or officials, that the establishment of such a local record depot area will result in a more efficient and economical operation. One member from each of the appointed county local boards involved in such intercounty local record depot area shall form such board, and shall have the same authority and jurisdiction as a local board in its area;

(3) to create and establish, on the date hereinafter specified, Federal record depots in the several States, the District of Columbia, Territories, and possessions of the United

States, and to maintain such other offices as may be necessary for the purposes of this act;

(4) to utilize the agencies of the Federal Government with the consent of the heads thereof, and to accept the services of all officers and agents of the several States, the District of Columbia, Territories, and possessions of the United States, and subdivisions thereof, in the execution of this act;

(5) to appoint and fix the compensation of such officers and employees, as may be necessary for the purposes of this act, with or without regard to the Classification Act of 1923, as amended;

(6) to delegate and provide for the delegation of any authority vested in him under this act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

(b) In the administration of this act voluntary services may be accepted.

(c) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of the Office of Selective Service Records in carrying out the provisions of this act.

(d) Any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any Reserve component thereof, or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this act may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or Reserve component thereof, or as such officer or employee in any department or agency of the United States.

Sec. 7. The Director is authorized to prescribe such rules and regulations as may be necessary to preserve the confidential nature of the individual confidential records previously obtained under the Selective Training and Service Act of 1940, as amended. Any person charged with the duty of carrying out any of the provisions of this act, and who fails to carry out such provisions or who shall knowingly violate the regulations promulgated under this section shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than 5 years, or a fine of not more than \$10,000, or by both such fine and imprisonment, or if subject to military or naval law, may be tried by court martial, and, on conviction, shall suffer such punishment as the court martial may direct.

Sec. 8. Except as provided in this act, all laws and parts of laws in conflict with the provisions of this act are hereby suspended to the extent of such conflict for the period in which this act shall be in force.

Sec. 9. (a) Except as otherwise provided by the terms of this act, the provisions hereof shall take effect at 12 o'clock postmeridian, March 31, 1947.

(b) The provisions of section 6 (a) (2) of this act shall become inoperative and cease to apply at 12 o'clock postmeridian on June 30, 1947, unless extended by the Congress prior to that date.

(c) The provisions of section 6 (a) (3) of this act shall become operative and effective upon the expiration date of section 6 (a) (2), as hereinbefore specified.

Mr. SHORT. Mr. Speaker, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. SHORT:

Page 2, line 13, strike out the parentheses and the small letter "a", occurring immediately after the "4" in "Sec. 4."

Page 2, line 15, after the word "records", strike the period and insert the word "and."

Page 2, line 16, strike the parentheses; and the small "b" at the beginning of the line, and change the capital "A" in the word "Authority" to a small "a."

Page 2, line 23, change the colon to a period and strike out the following proviso in this line and lines 24 and 25.

Page 4, strike out all of subsection (2) through and including lines 1 through 4 on page 5.

Page 5, lines 5, 10, 16, and 20, change the subsection numbers "3, 4, 5, 6" to "2, 3, 4, 5," respectively.

Page 5, line 17, after the word "employees", insert a parenthesis and the words "not to exceed 1,200 in number by November 1, 1947" and insert a parenthesis after "1947."

Page 5, line 19, after the word "amended", change the semicolon to a colon and insert the words "Provided, That the compensation of such persons shall not be in excess of that provided in said act."

Page 7, line 7, following the word "section" add a comma and insert the following: "or any person or persons who shall unlawfully obtain, or gain access to or use such records."

Page 7, line 19, strike out the parentheses and the enclosed small letter "a" appearing after the "9" in "Sec. 9."

Beginning on line 22, page 7, strike out all of subparagraphs "b" and "c" in section 9 as appearing on pages 7 and 8.

The SPEAKER. The question is on the amendments offered by the gentleman from Missouri.

The amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ANDREWS of New York. Mr. Speaker, may I say for the benefit of the Members of the House that I am reliably informed that the Senate in all probability will accept the House amendments. However, in view of the time element involved and the fact that there is always a possibility that a conference will be necessary, I ask unanimous consent that the Speaker be authorized to appoint three conferees and that those conferees be instructed, in the event of a conference, to insist upon the House amendments.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SHORT, COLE of New York, and DREWRY.

EXTENDING CERTAIN POWERS OF THE PRESIDENT UNDER TITLE III OF THE SECOND WAR POWERS ACT

Mr. MICHENER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 931) to extend certain powers of the President under title III of the Second War Powers Act.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.*, That this act shall be cited as the "First Decontrol Act of 1947."

SEC. 2. The Congress hereby declares that it is vital to a free economy and full production in the United States that all emergency controls and war powers under the Second War Powers Act be removed except in certain limited instances.

The Congress further declares that in each such limited instance the authority for such emergency controls and war powers should not be exercised by the grant of broad, general war powers but should be granted by restrictive, specific legislation.

SEC. 3. For the purpose of liquidating existing emergency controls and war powers and for the purpose of affording further opportunity for the appropriate committees of the Congress to consider specific legislation granting restricted authority in limited instances, title III of the Second War Powers Act, as amended, shall (except as provided in S. J. Res. 58 and H. J. Res. 118, 80th Cong., 1st sess.) remain in effect only until June 30, 1947: *Provided*, That any material or facilities which were not being allocated by the President on March 24, 1947, shall not be allocated hereafter under the provisions of such title III.

Mr. MICHENER. Mr. Speaker, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. MICHENER: Strike out all after the enacting clause and insert the following:

"That title XV, section 1501, of the Second War Powers Act, 1942, approved March 27, 1942, as amended, is amended to read as follows:

"Sec. 1501. Titles I, II, III, IV, V, VII, and XIV of this act and the amendments to existing law made by such titles shall remain in force only until March 31, 1947, except that (1) for purposes of allocations of building materials, and facilities related to the utilization of building materials, such title III, and the amendments to existing law made by such title, shall remain in force until June 30, 1947, and (2) such title III, and the amendments to existing law made by such title, shall remain in force until December 31, 1947, for the following purposes: (a) Allocations of cinchona bark and cinchona alkaloids, tin and tin products, antimony and streptomycin; (b) allocations limited to control of production for export of automobiles and tractors; (c) allocating the use of transportation equipment and facilities by rail carriers; (d) allocations of materials or equipment for export which are required to expand the production in foreign countries of materials critically needed in the United States; (e) allocations of materials or equipment for export which are certified by the Secretaries of State and Commerce as necessary to meet international commitments: *Provided*, That the two Houses of Congress by concurrent resolution or the President may designate an earlier time for the termination of any such title. After the amendments made by any such title cease to be in force, any provisions of law amended thereby shall be in full force and effect as though this act had not been enacted."

Mr. MICHENER. Mr. Speaker, I yield to the gentleman from Indiana [Mr. SPRINGER], chairman of the subcommittee, who has prepared the bill and the amendments and who knows all about it.

Mr. SPRINGER. Mr. Speaker, all the Members know that the Second War Powers Act will expire on March 31, which is next Monday, and that it is necessary that whatever action is taken with reference to the extension of any of these items contained in the Second War Powers Act be taken rather promptly.

May I say at the outset that there remain in the Second War Powers Act titles 1, 2, 3, 4, 5, 7, and 14. All of these titles are being eliminated by this bill with the exception of certain items under title 3. That is the title which relates entirely to allocations and priorities. In connection with title 3 for the purposes of alloca-

tions, building materials are continued under the extension until June 30, 1947. That is done for the purpose of accelerating if possible the building program in order to coordinate it with other legislation.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. McCORMACK. Has the question of grains been considered in this bill?

Mr. SPRINGER. It also relates to grain. I was about to come to that in a moment.

Mr. McCORMACK. I thank the gentleman.

Mr. SPRINGER. The bill which is offered has an amendment which has been reported out of the Committee on the Judiciary and provides that under title 3 and the amendments to the existing law made by such title which shall remain in force until December 31, 1947, the following: Allocations of cinchona bark and cinchona alkaloids. There is a shortage and scarcity of those products, and it was shown without any question of doubt that those items should be continued under the allocation plan.

The next items to which we have given full consideration and which remains in the bill are tin and tin products, antimony, and streptomycin. The evidence shows conclusively that there was a shortage of these items and that they should be continued.

Under (b), which is on page 2 of the amended bill which is offered, allocations are limited to the control of production for export of tractors. That is also continued.

That item of export control was deemed essential to protect our own farmers and our own people. Many foreign prospective purchasers of tractors offer very high prices for these articles. If all control should be eliminated, it is possible that our own people would be unable to obtain them. This would materially affect our food production.

In the original copy of the bill, automobiles were contained, and the allocation extended both to automobiles and to tractors. However, we received information from the Department of Commerce that on March 31 they are removing all allocations and all powers with respect to allocating automobiles, either new or second-hand automobiles. Therefore, we have concurred with the action of the Department of Commerce and we have eliminated automobiles, just as they propose doing on March 31. But we are retaining it on tractors, in order that the export of tractors may be controlled, and in order that the people of this country may have an opportunity to secure tractors in case of their great need.

Further, may I say that under (c) on page 2, allocating the use of transportation equipment and facilities by rail carriers is continued, because there is a shortage of box cars and freight cars. Those allocations are continued insofar as they are concerned, in order that certain communities, which have found a great scarcity of those transportation facilities, may have the opportunity of securing assistance along that line.

Also, under (d) the allocation of materials or equipment for export which are required to expand production in foreign countries, of materials critically needed in the United States of America. This was also deemed to be necessary under the circumstances.

Under (e) the allocation of materials or equipment for export which are certified by the Secretaries of State and Commerce as necessary to meet international commitments. That is retained in the provisions of the bill which is offered by way of an amendment.

May I say that the final provision, on the last page of the bill, which relates to any earlier termination of such power, contains a provision that both Houses of Congress by concurrent resolution, or the President, may designate an earlier time for the termination of any of these items under title III which are extended, and any amendments made by any such title cease to be in force, and any title amended thereby shall be in full force and effect as though this had not been enacted.

The Judiciary Committee has given very careful consideration to this bill. They have reported the bill out, as I have indicated, at a full session of the committee this morning. It is now offered by way of an amendment to S. 931.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to my distinguished friend from Massachusetts.

Mr. McCORMACK. Will the gentleman specifically state what the status is or will be under the provisions of the bill, in relation to grains?

Mr. SPRINGER. Under the provisions with reference to grain and grain products, rice, sugar, edible molasses and sirups, fertilizer, all forms and types of natural or synthetic rubber and rubber products, excluding control over the importation of natural rubber, have been eliminated from the bill.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. MILLER of Nebraska. I note you state the limitations or controls to be taken off by concurrent resolution of the Congress or by the President. Does that also extend to the President the powers to put more items under control than you might presently have in the bill?

Mr. SPRINGER. It does not. The bill specifically provides those items which are extended beyond March 31, 1947. No one has any power to insert any additional items under the provisions of title III except the Congress of the United States.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield further?

Mr. SPRINGER. I yield. I am happy to yield.

Mr. MILLER of Nebraska. The gentleman will recall that I appeared before his committee, as I did a year ago, hoping that the Second War Powers Act could be greatly curtailed. I stated before the gentleman's committee, and I think it is still correct, that under the Second War Powers Act the executive department has the power to nullify



practically any law passed by this Congress. I am wondering whether those authorities are continued in this bill relative to international commitments. I notice you use those words. I am wondering just what those words involve.

The SPEAKER. The time of the gentleman from Indiana [Mr. SPRINGER] has expired.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to proceed for three additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SPRINGER. May I say to the distinguished gentleman from Nebraska that the bill as originally introduced provided under subsection (g) on page 3:

Allocations of any materials or facilities in the event of a national emergency proclaimed by the President.

That language was contained in the original bill. If that paragraph had been adopted by the Judiciary Committee it would have given the President the power to have declared a national emergency at any time and to have put allocations, priorities, and controls on practically every article; but under this measure which is offered by way of an amendment the items which are embraced therein are the only items provided in the bill on which there may be any allocations.

Mr. HERTER. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. HERTER. Can the gentleman explain why grains were taken out? Was it because of the supply situation?

Mr. SPRINGER. There is an ample supply of grains in this country. While some grain has been shipped to foreign countries there is still an adequate supply and we are getting along very nicely under the grain situation. It was thought by the subcommittee and by the full committee that it was not necessary that this allocation be continued further. The Department also testified on that particular subject that there was an act, now in force, covering this particular item which would not expire for some time and which would amply take care of this particular situation. It was, and is, our thought that all controls should be entirely eliminated as rapidly as possible, consistent, of course, with our security as a nation and for the protection and security of our own people.

The SPEAKER. The time of the gentleman from Indiana has again expired.

The gentleman from Alabama [Mr. HOBBS] is recognized for 5 minutes.

Mr. HOBBS. Mr. Speaker, I wish to take this opportunity to express my profound personal gratitude to the distinguished chairman of the full committee, the gentleman from Michigan [Mr. MICHENER], and particularly to the distinguished chairman of the subcommittee, the gentleman from Indiana [Mr. SPRINGER], to our friend and colleague, the gentleman from Maine, Mr. FRANK FELLOWS, and to our friend, the gentleman from New York, Mr. Clarence Hancock, who voluntarily retired from Congress, for the untiring work they have done on the Second War Powers Act.

It was my pleasure to acknowledge, with thanks, that the gentleman from Indiana [Mr. SPRINGER] was kind enough to introduce the President's bill, by request, which is H. R. 1983, just amended and reported today. It was also my pleasure to request of our general chairman that it be referred to that subcommittee of which he and the gentleman from Maine, Mr. FRANK FELLOWS, were still members so that we might have the benefit of their views and counsel and leadership on this bill because they had been through the same mill three times. Each time it was unanimously reported favorably from a subcommittee evenly divided as to party affiliation, three Republicans and three Democrats.

I want to give credit where credit is due, both to the leadership of the chairman of the full committee and to those three colleagues and esteemed friends of mine who have labored so faithfully and in such a nonpartisan manner in this matter. I think that in this instance, however, even though they have given studious and careful attention to the present bill, their hopes have out-run the facts. I believe that the message of the President of the United States and the bill on controls which was prepared accordingly by the five major administering agencies should be given more factual attention than has been given.

Please bear in mind that this Second War Powers Act, when we first reported it, contained 15 titles. Under it several thousand directives were appropriately issued by the executive departments of your Government. The original 15 titles have been cut down to 1, and only a part of that is retained. Such things as grains and other food articles may be covered by the Food Control Act, but personally I doubt it, because the Agriculture Department is still asking that they be retained.

I could go on, but I will not bother you with details. We have carefully discussed this matter in our committee this morning and every single one of some 12 amendments that were offered to restore as many different controls for the benefit of starving peoples abroad and for the benefit of our own people at home, as many of us see them, were killed. So there is no use in taking up the time of the House by offering them again.

I want to suggest, in all candor and earnestness, and I want to plead with you to defeat this motion if you conclude, after it has been explained, that the Senate bill is better than the House bill for the reason that it will merely continue the status quo as is, till June 30.

The SPEAKER. The time of the gentleman from Alabama has expired.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to proceed for three additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. Mr. Speaker, it will give this great subcommittee that has done a splendid job the chance to iron out three or four important matters that they frankly admitted in our committee, and this is no secret, they had not adequate

facts on, although considerable study had been given to them. In other words, if a chock block were put in now to stop the inevitable extinction of some of these powers we cannot iron out the situation and write a better bill. I believe, and I am not speaking for anyone but myself, that the Senate bill should be adopted and that the motion of the gentleman from Michigan, the chairman of our full committee, with all due respect to him and these other fine gentlemen, should be voted down.

I bespeak your careful consideration of the record made by the five major administering agencies in reducing the number of controls. I quote from the 1945 report of the committee:

By the grace and guidance of Almighty God, the brilliance and devotion of our civilian and martial leadership and the heroism of the men and women who composed the team of the United Nations, the Axis Powers have been brought to unconditional surrender, yet neither the war nor the peace has been won. Our victory then is neither final nor complete. We still have before us and our allies years of service in foreign lands, requiring the solution of problems at least as difficult as were those of war.

The conflagration that so recently blanketed the globe, still flares in spots. We have learned that no place is too remote to be a menace. Nor can it be doubted that fire spreads. Military and naval might, even including atomic bombs, do not quench the fire of war so potently as the milk of human kindness. No civilized nation, much less one that is Christian, can allow even surrendered enemies to starve or freeze when we have enough and to spare. That would not even be good business, were we so base as to be governed by no higher motive. Even more incumbent on us is to share with our allies in the liberated countries; and, of course, we must not fail to provide adequately for our own forces of occupation. This job cannot be done until the last man or woman so engaged shall have been brought safely home and be happily rehabilitated into our peacetime economy.

During our preparation for adequate national defense, and while the shooting part of the war was on, the Congress of necessity had to grant extraordinary powers for such purposes and for the fulfillment of the inevitable aftermath. These were loosely called war powers.

Now that we have won back much of our safety and peace, it is the determination of Congress to recapture those powers as speedily as may be wise, for the people, so that they may be again exercised in accordance with the slower but more desirable processes of democracy.

The study of the situation by your committee has revealed that the Presidents and the agencies of Government that have been exercising these war powers agree with the thought of the Congress as shown by their records. The following synopsis not only shows such agreement, but also discloses no reason to doubt that they will continue to diminish their personnel and surrender their powers as rapidly as possible with safety. A survey of the five chief agencies exercising controls under title III of the Second War Powers Act indicates that they have reduced their outstanding controls and administrative personnel as follows:

#### REDUCTION IN CONTROLS EXERCISED UNDER TITLE III OF THE SECOND WAR POWERS ACT, AND OF PERSONNEL ENGAGED IN ADMINISTRATION OF THESE CONTROLS

War Production Board-Civilian Production Administration: At its peak prior to VE-day, this agency had outstanding slightly over 700 basic orders and schedules. Approximately 200 of these were lifted shortly after VE-day,

and as November 1 the number had been reduced to 73.

Personnel has been reduced from a peak of about 23,000 in February 1943 to less than 11,000 at the end of August, less than 4,000 on November 3, and it is planned to reach a figure of 400 by June 30, 1946.

Office of Defense Transportation: On VJ-day this agency had outstanding slightly over 2,950 orders under title III of the Second War Powers Act. By December 1, 1945, all of these orders will have been revoked, and this agency will no longer exercise controls under this act. The reduction in personnel engaged on title III administration has been as follows: June 1, 1944 (peak), 3,897; VJ-day, 2,333; November 1, 1945, 54; December 1, 1945 (estimated), 0.

Department of Agriculture: On August 1, 1945, this agency had outstanding 94 general food orders and on April 1, 1945, 194 suborders. These two dates are chosen because they are the dates on which the greatest number of general and suborders, respectively, were in existence. As of November 14, 1945, there were outstanding 56 basic orders and 173 suborders. Of these 173, however, 144 were suspended. That is to say, they are temporarily inoperative and the Department of Agriculture believes that probably they will not be made operative again.

Personnel engaged in administering these orders has been reduced from 1,000 at the end of the fiscal year to 550 as of November 14, 1945.

Solid Fuels Administration: This agency had outstanding 13 general orders prior to VJ-day. Of these 13 only 6 remain today and of these 6, 1 has been confined to operations east of the Mississippi River. It is believed that all controls will be lifted at the end of the coal year, March 31.

Personnel engaged in title III activities has been reduced from 700 employees prior to VJ-day to 650 at the present time, and will continue to decrease to 50 at the end of the coal year. These 50 will be engaged in clean-up work.

Office of Price Administration: On VJ-day this agency had 16 major rationing programs in effect on a national basis. This number has been reduced to two.

Paid employees (as opposed to volunteers) actually engaged in administering the rationing programs have decreased from 27,055 on August 15, 1945, to 8,952 on October 31, 1945. This figure includes field offices and local boards. Actually the reduction has been greater since these figures do not include reductions in "overhead" employees indirectly concerned with rationing. Proportionately heavy reductions have been made in this category, as well.

The committee has concluded that extension of certain titles of the Second War Powers Act for a period of 6 months is essential in order to assure an orderly liquidation of much of our wartime economy and to aid reconversion. The necessity results basically from the fact that our armed forces and industry are still deployed for war, and from the continuance of a number of basic shortages which threaten to cripple industry and to cause inconvenience or even suffering to consumers.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I am always delighted to yield to the gentleman from Indiana.

Mr. SPRINGER. Under the Senate bill, S. 931, the gentleman is aware of the fact that it contains allocations with respect to tin, antimony, cinchona bark, and alkaloids, and streptomycin, and so forth. There is nothing about building material export controls here. The gentleman certainly does not think that the Senate bill should be passed in preference to the bill which we have just

reported out of the Judiciary Committee, does he?

Mr. HOBBS. I think, from mere hearsay, the House bill is a much better bill in several respects. I have not seen the Senate bill, but I think if we go to conference, or, better still, reject the Senate bill and send the whole problem back to our committee for further study, we could work out and report a much better bill than either.

Mr. SPRINGER. Let me ask this question: Is it not proper to pass the House bill here so the two bills may go to conference on account of the disagreement?

Mr. HOBBS. That may be so, but I want to see and understand the Senate bill before passing on that.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I will be so happy to yield to my chairman.

Mr. MICHENER. I think there is a misunderstanding. If the statement of the gentleman from Alabama as to the procedure suggested were followed, the House would pass the Senate bill, and that would end it, and the Senate bill is much more restrictive than the House bill is. The real purpose here is to send this bill to conference where the differences can be worked out, and the only way that that can be done is to adopt an amendment to the Senate bill, because if you adopt the Senate bill it goes to the White House and there is no further opportunity for conference. It is all ended, and the Senate bill is much more restrictive than the House bill, in the form in which the subcommittee reported it.

Mr. HOBBS. I am cordially in agreement with the statement of the chairman and the statement of the chairman of the subcommittee unless the defeat of your motion and reference of the Senate bill to your committee for study would give us a chance to compare the respective merits.

The SPEAKER. The time of the gentleman from Alabama has again expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman be permitted to proceed for two additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I will be glad to yield to the distinguished gentleman.

Mr. McCORMACK. As I understand, if this legislation passes, it has to pass at a certain time; is that correct?

Mr. HOBBS. Yes, sir; by the 31st of this month, in regard to everything but building materials and possibly some allocation authority as to food supplies.

Mr. McCORMACK. So time is of the essence.

Mr. HOBBS. Oh, very definitely.

Mr. McCORMACK. Let me see if I understand the gentleman correctly. While he is not in favor of the amendment, nevertheless he is in favor of the bill going along to the Senate in order to get it to conference, so the gentleman is placing himself on record as opposing

the amendment for future action, and his position at this time is that the bill should pass the House; is that correct?

Mr. HOBBS. Possibly that may be wise.

Mr. DURHAM. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. DURHAM. I notice here, of course, it extends CPA No. M311 on quinine. Now, did this committee go thoroughly into the stock pile of quinine that we have on hand? Can anybody answer that question?

Mr. HOBBS. They certainly did, sir, and I more confidently praised them than they would praise themselves. That was gone into very carefully and fully, and it was explained that the supply of cinchona bark was being practically monopolized by the manufacturers of hair tonic instead of being used for medicine which will relieve many cases of heart trouble and malaria.

Mr. DURHAM. Of course, you understand at the present time, to get 5 grains of quinine, you have to have a prescription under this War Powers Act, and the people of the country, of course, are becoming a little bit concerned about that. The stock piles of quinine in this country, of course, is scarce. I think it is necessary to extend it. You probably remember that we passed Public Act 520 which carried out the stock-pile idea, and I wonder if the committee inquired into the stock pile on hand.

Mr. HOBBS. The gentleman, I know, is a druggist by profession and an outstanding one.

Mr. DURHAM. I thank the gentleman very much.

Mr. HOBBS. Well, he is, and so regarded not only all over North Carolina but everywhere else by the people who know him and the skill with which he keeps up with medicinal drugs and stock-pile supplies. I will say to the gentleman that the only way to prevent 80 percent of all the importations of cinchona bark going into the manufacture of certain hair tonics was to do this thing and make this control so that the sick people of America could, through proper allocations, hope to obtain relief and cures.

Mr. DURHAM. If that is the fact, of course, and I am sure it is, because the committee would not have made an erroneous decision, I withdraw my reservation of objection. I think it is a wise decision, because I understand how quinine can go into other products that are not medicinal.

Mr. HOBBS. I thank the gentleman.

Mr. WALTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALTER. As I understand, the gentleman from Michigan moved to strike out all after the enacting clause of the Senate bill and to substitute therefor the House bill.

The SPEAKER. The gentleman is correct.

Mr. WALTER. Does not that mean that this entire matter will be subject to any legislation written by the committee of conference? In other words, it is all



in disagreement, and an entirely new bill may be written?

The SPEAKER. The Chair will state that the conferees will have a very wide scope in bringing in legislation.

Mr. MILLER of Nebraska. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I understood from the gentleman from Alabama that the Senate bill was far more restrictive and extended less of the War Powers Act than we propose to do here in the House. Is that correct?

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Indiana.

Mr. HALLECK. The Senate bill has a different approach. I think it is a 90-day extension for all materials and services now being allocated, so in that regard it is a broader bill than the House bill.

Mr. MILLER of Nebraska. The gentleman from Alabama said it was a more restrictive bill. If so, I was certainly going to go along with the Senate. I can say that to the gentleman because I have been one of the Members of this body that feel there have been too many regulations imposed upon the American people and that these building allocations that are presently in effect are holding up the construction of any type of building. The allocations of steel that were in effect on box-cars prevented the country from getting box cars. It has been only within the last 2 weeks that the powers that be have seen fit to let them make perhaps 10,000 cars a month, when they should have been making them 6 months ago, starting on 10,000 cars a month. United States Steel said they were in 98 percent of production. I just hope we do not continue these wartime controls when they are not necessary.

I spoke last year when the gentleman from Alabama was in the well of the House and asked him then how much longer we expected to continue the War Powers Act. He said, "I hope they can end by next March 31." Now we come in and ask for another extension. We did that with Selective Service. I am getting sick and tired of continuing all of these War Powers Acts. If there is any way under the sun to limit them, cut them off, or set a definite time for terminating them, I want to do it. I do not think we are doing it in this bill. The people want less regulations, not more. The way to quit regulations is to quit.

Mr. HALLECK. Of course the gentleman finds himself in a very considerable company of people around here who are as intent as he on doing that.

Mr. MILLER of Nebraska. I doubt it.

Mr. HALLECK. Possibly the gentleman may doubt it but it still is the truth. They want to do away with unnecessary controls, regulations, and directives. Certainly we are moving in that direction. I think the committee has gone over this matter very carefully. I may say to the gentleman from Nebraska—possibly I did not make myself clear—that the Senate proposal may be more restrictive as to time but as to the number of commodities or articles or services to be included under these controls it

is much broader than the House bill. Certainly I think the gentleman will agree with the gentleman from Indiana and the other members of the committee, together with the Senate committee. When they get this matter in conference they are not going to extend any control for which there cannot be shown to be an absolute necessity and desirability.

Mr. MILLER of Nebraska. I have one more question I want to ask of someone. What is the termination date that is presently in the bill?

Mr. SPRINGER. The termination date provided in the bill on the items under III, which I mentioned in the second part of the statement I made, is December 31, 1947, and on building materials June 30, 1947.

Mr. MILLER of Nebraska. There is no way for further extension except by an act of Congress? The gentleman does not think that can be done by Executive order?

Mr. SPRINGER. I do not think so.

Mr. MILLER of Nebraska. The gentleman is not sure about that?

Mr. SPRINGER. I am positive that it cannot be, because we have set out definitely the articles and the length of time which they may be extended.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Michigan.

Mr. DINGELL. May I ask the chairman of the subcommittee this question: When the House conferees come back here with a bill written in conference, we will then have an opportunity finally to reexamine the entire bill?

Mr. SPRINGER. The gentleman is entirely correct.

Mr. MILLER of Nebraska. How many regulations will they take off as of the 31st of March? How many employees will be released by ending the controls under this bill? What economies will be made?

I am concerned because it is my firm belief that allocations and restrictions in the past has been keeping down construction and retarding reconversion in this country. Business cannot go forward if it must carry an extra load of regulations. I would like to know which titles go out—

Mr. SPRINGER. All of title 1, all of title 2, all of titles 4, 7, and 14 go out.

Mr. MILLER of Nebraska. What do those titles cover?

Mr. SPRINGER. Title I relates to transportation across to the Pentagon Building and to the Navy Department across the Potomac River. There is no necessity of that because the Interstate Commerce Commission has declined to grant permission to the Capital Transit Co. to continue, and the two transit companies of Virginia are going to handle that problem.

Title No. 2 relates to the acquisition and disposition of property during the war. Certainly there is no necessity of that at this time, and it was so stated before the subcommittee.

Title No. 4 relates to the authority to make purchases by Federal Reserve Banks. That has been covered by other legislation which is permanent in character.

Title No. 5 relates to the navigation and inspection laws, the waiver of which we passed just a week ago on a bill reported by the Committee on Merchant Marine and Fisheries covering that particular item.

Title No. 7 refers to the activities in time of war and is specifically related to activities of members of draft boards and other kindred Government agencies with relation to political activities.

Title No. 14 relates to the utilization of vital war information by various agencies of Government by communicating that information to other agencies of the Government requesting it.

Mr. MILLER of Nebraska. We are making progress in getting rid of controls. The committee is to be complimented—I just hope no attempt is made for further extension when these dates end as intended in this bill—I trust also that personnel and appropriation for all these controls will end promptly.

(Mr. HOBBS asked and was given permission to revise and extend his remarks and include certain articles and quotations.)

The SPEAKER. The question is on the committee amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 1983) was laid on the table.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the bill (S. 931) to extend certain powers of the President under title III of the Second War Powers Act, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the gentleman from Michigan? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. MICHENER, SPRINGER, FELLOWS, DEVITT, WALTER, BYRN of New York, and CRAVENS.

#### EXTENSION OF REMARKS

Mr. SHAFER asked and was given permission to extend his remarks in the RECORD and include a letter to a Member of the other body.

Mr. CHURCH asked and was given permission to revise and extend his remarks.

Mrs. SMITH of Maine asked and was given permission to extend her remarks in the RECORD in two instances; one, in connection with the retirement of Col. Frances A. Blanchfield; and to include in the other a brief report of the Committee on Armed Services.

Mr. HAND asked and was given permission to extend his remarks in the RECORD.

#### GOOD FARMING—GOOD LIVING

Mr. COLE of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. **COLE** of Missouri. Mr. Speaker, I take this time to call attention to an article entitled "Good Farming—Good Living" in the April issue of "Country Gentleman." I wish to commend the publisher of Country Gentleman for their excellent judgment in selecting the Scott Sawyers farm located in the Third Congressional District of Missouri, the most fertile farming section of the United States, as the basis of the first of a series of articles to illustrate by actual example what the well-managed farm offers in increasing opportunities for really good living. This series of articles will emphasize the growing realization that the farm is more than a mere food production plant—it is a "place to live" as well.

The Sawyers were selected to represent the Corn Belt farm families because of their "knack of weaving their work and their living together into a most satisfactory, comfortable pattern," according to the magazine's editors.

The family consists of Mr. and Mrs. Sawyers, their four children, Scott, Jr., Carolyn, Jimmy, and Janet, and Mrs. Sawyers' parents, Mr. and Mrs. John L. Tebow. They live on a 220-acre place given over principally to raising cattle, turkeys and pigs.

Scott, Jr., 18, is presently a freshman in agriculture and engineering at the University of Missouri. In 10 years of 4-H Club work, he won a long string of prizes, climaxed by the 1945-46 State championship in the Thomas E. Wilson meat animal project.

In an editorial accompanying the lead article, Robert H. Reed, the magazine's editor, says that "for many years most of the agencies serving agriculture—and we include ourselves—have put a heavy emphasis on means of obtaining better and more profitable farm production."

While a revolution in production has been in progress, however, another and equally important side of farming has had far less recognition he says, adding:

We miss the point of all this progress in agriculture if we do not see that the end product of good farming is good living. Not good living in any narrow sense, but including a wide range of satisfactions that are distinctive of the American family type of farm.

I heartily recommend as good reading this well-written and interesting article.

**FIGHTING COMMUNISM IN GREECE AND TURKEY**

Mr. **MATHEWS**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER**. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. **MATHEWS**. Mr. Speaker, in my quest to find out what the people who are going to pay the bill think about the President's plan to combat communism in Greece and Turkey and other places, I asked a hotel clerk last night what he thought about it. He said he thought

it was all right if it was done the right way. He said in the hotel business and in hotel advertising there is a right way and a wrong way. But he said, "I would not favor occupational troops." Then, Mr. Speaker, he hesitated and made a remark which I think is very significant. He said, "Honestly, I do not have enough real facts to give an intelligent opinion." Mr. Speaker, is there a Member in this House who could not say amen to that?

I am going to pursue my quest a little further next week and hope to bring you some reports each day.

#### PRISONERS OF WAR IN EUROPE

Mr. **OWENS**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a letter from Dean Acheson, Acting Secretary of State.

The **SPEAKER**. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. **OWENS**. Mr. Speaker, last month I had occasion to address the House with respect to German war prisoners in Europe, especially in France. I pointed out the condition of slavery to which such prisoners were being subjected. Since that time the American Federation of Labor has complained of the effect that such slavery is having upon labor in our country. I followed up the matter through the Secretary of State, and today I received a letter from Dean Acheson, Acting Secretary of State, with regard to the repatriation of certain prisoners of war in France, Belgium, Luxembourg, Great Britain, Russia, and the Netherlands. While the situation has been tremendously improved, that is, where we have direct control, the actions of Great Britain and particularly Soviet Russia regarding such prisoners still are very unsatisfactory. I intend to take further steps in connection with the entire matter.

The letter and news release from the Acting Secretary of State are placed in the **RECORD** at this point, and I would appreciate your valuable comments.

The letter and release follow:

MARCH 25, 1947.

The Honorable **THOMAS L. OWENS**,  
House of Representatives.

MY DEAR MR. OWENS: I refer to your letter of March 3, 1947, requesting information with respect to the status of German prisoners of war in France, The Netherlands, Luxembourg, and Germany and, if it is available, similar information regarding those in England and the Soviet Union. You state that you are particularly interested in knowing when such prisoners of war, especially those originally in United States custody, will be repatriated and enclose a copy of the **CONGRESSIONAL RECORD** of Wednesday, February 5, containing on pages 804-806 the text of your address on the subject of German prisoners of war.

I have delayed replying to your letter pending the conclusion of discussions at Paris between the American and French representatives concerning the release of German prisoners of war transferred by us to the French for rehabilitation work in that country. An agreement has now been reached for the release from prisoner of war status of these men at the earliest practicable time. As you will see from the enclosed press re-

lease dated March 13, the repatriation rate of 12,000 per month which the French initiated on January 1, 1947 will be immediately increased to a minimum of 20,000 per month. As explained in the press release, the French authorities will offer to the prisoners of war a choice between being repatriated to Germany or released from prisoner of war status on the spot to remain in France as voluntary workers. The International Committee of the Red Cross has agreed to associate itself with the program and has been given special status by the French Government with respect to the supervision of the operation and the individual rights of the prisoners of war.

As you are aware, the repatriation operations in Belgium and Luxembourg are much smaller involving approximately 40,000 prisoners of war in Belgium and less than 7,000 in Luxembourg. The Belgian Government has indicated general accord with this Government's request that the repatriation operation be completed by October 1, 1947, and the Luxembourg Government has stated that its repatriation program will be completed well before that date.

In effecting these transfers we did not relinquish our responsibility for any enemy prisoners of war captured by the American forces and assurances were received from the Governments concerned that the terms of the Geneva Prisoners of War Convention would be observed with regard to all German prisoners of war so transferred. Moreover, the installations at which such prisoners of war are held are being visited and inspected by representatives of the International Committee of the Red Cross. This Government now believes, however, that the time has come for these prisoners of war to be released and it is to that end that the steps mentioned above have been taken.

Although information previously given out was to the effect that 10,000 prisoners of war had been transferred by the United States authorities to the Netherlands Government for rehabilitation work, it has recently been determined through a check of the pertinent records that although the American military authorities were prepared to allocate this number to the Netherlands Government, the transfer was never actually made. A copy of the Department's announcement dated March 11 correcting the erroneous statement is enclosed.

The relatively small number of German prisoners of war still under our direct control in the European theater are being released rapidly, the target date for the completion of the operation being July 1.

The British Government, like this Government, is a party to the Geneva Prisoners of War Convention of 1929, which establishes standards of treatment to be accorded captured enemy military personnel and provides for their repatriation. The Soviet Government is not a party to that Convention. Since no transfers of American-captured prisoners of war were made to the British or Soviet Governments for rehabilitation work, no representations have been made to them by this Government regarding the repatriation of German prisoners of war which they hold.

As reported in the press, the situation of German prisoners of war has been discussed at the Council of Foreign Ministers now in session at Moscow. Tass, the official Soviet news agency, reports that the Soviet Government has stated that 890,532 German prisoners of war are in the territory of the Soviet Union and that since Germany's surrender 1,003,974 German prisoners of war have been repatriated to Germany.

According to the most recent information received by the Department, it is estimated that as of the end of March there will be 307,000 German prisoners of war in the United Kingdom, and nearly 87,000 in the



Middle East, with the rate of return now about 15,500 monthly from the United Kingdom and 2,500 monthly from the Middle East (to be doubled by July).

Sincerely yours,

DEAN ACHESON,  
Acting Secretary.

[Enclosures: 1. Press release No. 183, March 11, 1947. 2. Press release No. 191, March 13, 1947.]

DEPARTMENT OF STATE,  
March 11, 1947.  
(No. 183)

The Department of State wishes to correct an erroneous statement made in the Department's press release No. 868, December 5, 1946, and in subsequent communications to the public concerning this Government's policy with respect to the repatriation of German prisoners of war captured by American forces and subsequently transferred to other governments for rehabilitation labor.

The information previously given out was to the effect that 10,000 such prisoners of war had been transferred to the Netherlands Government. It has now been determined that this information is inaccurate. A check of the pertinent records by the American military authorities reveals that no German prisoners of war were transferred by this Government to the Netherlands Government for rehabilitation work in that country. Although the American military authorities were prepared to allocate 10,000 such prisoners of war to the Netherlands, the transfer was never made.

DEPARTMENT OF STATE,  
March 13, 1947.  
(No. 191)

American and French representatives have just concluded a meeting in Paris convened at the request of the United States for the purpose of working out the details of the release and repatriation of German prisoners of war transferred by this Government to the French for rehabilitation labor. As a result of this meeting an agreement has been concluded initiating a program which contemplates the release from prisoner-of-war status of these men at the earliest practicable time. This will be accomplished either by direct repatriation to Germany or by release from prisoner-of-war status in France of those who elect to remain as free workers.

The French authorities, now hold approximately 450,000 German prisoners of war transferred to them by the American authorities and, in addition, according to information supplied by the French, approximately 180,000 captured by their own forces. The French have suggested and we have agreed that for humanitarian and other reasons it would be unfair to give priority to the release and repatriation of American-captured prisoners of war at the expense of the others. Consequently, the program agreed to will be applicable to both categories. A separate accounting will, of course, be made by the French authorities to the American authorities regarding the release and repatriation of prisoners of war captured by our forces.

Under the agreement the repatriation rate of 12,000 per month which the French initiated January 1, 1947 will be immediately increased to a minimum of 20,000 per month. The French have agreed to increase this figure as soon as rail-transport facilities in France permit.

The French authorities will offer to the prisoners of war a choice between being repatriated to Germany or released from prisoner-of-war status on the spot to remain in France as voluntary workers. Those who choose the latter will be released from prisoner-of-war status and will receive work

contracts, giving them rights similar to those enjoyed by other foreign workers in France. This alternative to repatriation was agreed to by this Government at the express request of the French Government in consideration of the known need for labor in that country at the present time. In agreeing to this arrangement we insisted, and the French fully concurred, that a satisfactory formula be arrived at to guarantee a free choice to each individual prisoner of war and that before making the choice each be fully informed of the status to be accorded him if he elected to waive repatriation and remain in France as a free worker. Assurances to this effect have been included in the agreement between the two Governments.

The International Committee of the Red Cross has agreed to associate itself with the program and has been accorded special status by the French Government with respect to the supervision of the operation and the protection of the individual rights of the prisoner of war. The willingness of the International Committee of the Red Cross to participate in this program satisfies this Government that a free choice will be guaranteed.

The agreement further provides that the progress of the operation will be closely observed and the two Governments will re-examine the situation periodically, having in mind this Government's desire that the operation be completed by October 1, 1947.

#### THE TAX BILL

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Mr. Speaker, I take cognizance of the fact that on the vote in the House this afternoon on the bill H. R. 1, the yeas were 273 and the nays were 137, practically 2 to 1. I am encouraged by this vote to assume that the President will solve the problem by an Executive veto. If and when that comes to pass, I want to say to the House that possible the triumvirate of DINGELL, ENGEL, and GORE will bring in a fair, equitable, and just coalition tax bill, that will do justice to all taxpayers, both in the upper and the lower brackets.

I yield back the remainder of my time.

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. BENDER] is recognized for 10 minutes.

#### GREECE AND TURKEY

Mr. BENDER. Mr. Speaker, I see from the newspapers that Mr. Truman has instructed our delegate to the United Nations to explain the actions which the United States proposes to take in regard to Greece and Turkey. I think that it is going to take a lot of explaining—more than a speech—more than a pretty letter—more than pleasant noises and generalities written by some State Department official.

Mr. Speaker, the people of the world are sick of war. They don't want another war, and that is why the American people support the United Nations. Let us get it clear—the American people, whether the State Department likes it or not, support the United Nations. They despise with all their heart anyone and everything that destroys, bypasses,

or in any way begins to tear down the one hope that exists in the world for peace—the one instrument through which collective security and collective action against aggressors can be undertaken.

Mr. Speaker, how can anybody fail to recognize that the course of action proposed by the President destroys the very foundations of the United Nations? Every American who owns an automobile knows what a bypass is. Mr. Truman has deliberately bypassed the United Nations. He proposed that we and we alone without consultation undertake to push back aggression throughout the world. His policy which will go down in history as the Truman Doctrine says that we alone are to say who is the aggressor and we alone are to take whatever action is needed. Our armed services are to become an international police force, the agencies of our Government are to replace the agencies of the United Nations.

More than this, Mr. Truman's proposal on Greece and Turkey comes at a time when the United Nations has an investigating commission in Greece. It comes at a time when the Food and Agricultural Organization of the United Nations has already studied the Greek situation for a year, and has turned in an excellent and authoritative report on what is needed. Without consultation, without regard to the fact that the United Nations is already deeply involved in the Greek and near-eastern situation, without regard to the fact that the United Nations adequately handled the situation in Iran, without regard to the fact that every nation in the Middle East represented in the United Nations is directly affected by our decisions in regard to Greece and Turkey, without regard to anything or anybody or to our own commitments to the United Nations to bring before it any act of aggression or any condition existing in the world which threatens the peace, Mr. Truman has deliberately undertaken to replace the United Nations by the armed forces of America, by our economic and political strength.

Pleasant words spoken tomorrow, nicely phrased letters written yesterday will not cover up the hideous fact that the course of action proposed by the President basically destroys the United Nations.

When this Congress votes for the Truman doctrine let us be perfectly clear that by so doing we will be making the choice between one world and a world divided into two armed camps. Let us be perfectly clear that we will have turned our backs upon mankind in the effort to obtain collective security. Let us be clear that we will be establishing a policy which destroys the United Nations.

I for one will not be party to such a crime against mankind. We know without any doubt whatsoever that a policy which establishes two main powers in the world—each pursuing its own power without regard for the other, each engaging in a world-wide economic and military armament race—we know that such a policy can only end in war. The Truman policy is nothing other than an

undeclared declaration of war. That policy, if it is pursued, will lead to war.

There is no other policy to oppose the Truman policy than the wholehearted and full support of collective security and collective action against aggression now provided for through the United Nations. In the past, I have voted for American participation and support to the various international organizations for trade, for financial stability, for UNRRA, and so forth. I refuse to vote now for a policy which destroys every act of intelligent good will and enlightened self-interest which the American people have engaged in for the past 4 years. I refuse to stab the United Nations in the back. I refuse to agree that the world inevitably is divided into two armed camps which must engage in atomic warfare.

I cannot but believe that the Truman policy has been dictated by short-sighted bigoted military men whose minds are warped by their constant playing with war plans. We need now those men who can find a way to make the United Nations work—who know how to build the United Nations instead of destroying it—men who can formulate policy which will obtain the support of the entire world.

The best thing that President Truman can do is to recognize that a horrible mistake has been made and that the United States Government should vote emergency relief for the Greek people and turn over the problem of Greece and the Middle East to the one place where it can successfully be handled; namely, the United Nations.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LARCADE, for about 2 weeks, on account of official business.

To Mrs. DOUGLAS (at the request of Mr. McCORMACK), for today, on account of illness.

To Mr. FOGARTY, from March 31 to April 10, 1947, on account of official business.

To Mr. MORTON (at the request of Mr. MEADE), for the remainder of the week, on account of illness.

To Mr. PASSMAN, from March 31 to April 11, 1947, on account of official business.

To Mr. KEOGH, until April 11, 1947, on account of official business.

#### COMMUNISM

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes, to revise and extend my remarks and to include as a part thereof a speech I made in Boston last spring warning the country against communism.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the words I uttered against communism in making a speech last spring in Boston were only too true, and events have proven them to be true. I made this speech warning against communism, at which time I referred to Communists in our various Government departments, and, unfortunately, in the

United States generally. Nine months afterward the President acted to rid the State Department and other departments of Communists.

Mr. Speaker, the action by the President was late, very late, but better late than never.

My address delivered on April 27, 1946, was as follows:

#### COMMUNISM IN THE UNITED STATES

(Extension of remarks of Hon. EORTH NOURSE ROGERS, of Massachusetts, in the House of Representatives, Thursday, May 2, 1946)

Mrs. ROGERS of Massachusetts. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by me at Boston on April 27, 1946, before the New England Conference of Republican Women:

"From time to time I hear someone ask: 'Well, are there really as many Communists in the United States as claimed, and, if so, are they really so dangerous to our liberties as they are reported to be?'"

"These questions are just as vital to our welfare and the welfare of our children, and our children's children as the question: 'Are there really atom bombs, and are they really so dangerous and destructive as they are reported to be?'"

"Our American system of government, our whole system of economy, all we have, our liberties, our religious and political freedom—all are wrapped up in the answer to that question of whether or not there are many Communists in the United States, and whether they are so dangerous as they are reported to be or not.

"I am convinced there are many Communists, grim, fanatical, determined, ruthless, cunning schemers, in the United States, and I believe, further, that they are more dangerous than most persons suppose them to be.

"The time was—and we are still prone to think of Communists and the communistic movement in that light—when Communists were a furtive band of men and women who were without funds, who met secretly in cellars or in garrets, or in dim, smoky, unclean dives and restaurants to plot fanatical and hopeless plans against the Nation. That time has passed, communism in the United States today is a cleverly planned, bold, insolent, well-financed, skillfully managed political and revolutionary movement, reaching out in every direction, sending out propagandists; using the most scientific methods of persuasion over the radio, through the press, through magazines, by means of lectures, and even in a dangerously large section of our pulpit and our schools and colleges.

"There are not dozens, nor hundreds, nor thousands of these trained and fanatical Communists. There are hundreds of thousands of them and although they are fanatical it is with a cool, deep determination that they are going to overthrow our American system of Government, economy, and society. They have their training centers, their schools for agitators, their indoctrination system.

"These Communists are reaching out to try to contaminate the ranks of labor, of the veterans, as well as of the church-going people, the students and their teachers everywhere.

"It is an alarming fact, too, that there are many very cleverly organized and operated Communist front organizations which appear more or less innocent but which are deadly serious in their purpose to wreck our system of government, bring chaos in our economy and reduce our people to the status of slaves of the state—as they are today in Russia. These active full-colored red organizations mean to overthrow our American political, economic, social, and religious system by the ballot boxes if they can, but if they fail in

that, they are determined upon bloody revolution to accomplish their ends.

"At the outer edge of this communistic movement are many sincere and innocent, but completely deceived and misled individuals, many of them high in the social scale. Some even are preachers; some are public officials; some are teachers; some are just earnest rank and file citizens who have been persuaded and defrauded into believing that communism will mend all the ills and injustices they see around them and against which they instinctively rebel.

"In this process of attempting to communize this country these alien ideologists have perfected the most remarkably clever techniques. Today communism as politics is 'big politics.' As an infiltrating group movement it is a 'big' movement. These Communists are no longer content to meet in cellars and dives and get out smudgy, gray printed sheets and pamphlets. They issue well-written, well-printed, beautifully typed, cleverly designed literature that would deceive the very elect.

"Now, where do they get the money to do all this?

"First, they have deluded a good many wealthy persons in this country who have provided them with millions of dollars, not realizing what these Communists actually mean to do. Then they have received such recognition in high places that they have become not only respectable, politically, but actually sought after. They have insinuated their henchmen into key places in government. Much patronage, many favors, much control over business is exercised by men and women who have wormed their way into posts of influence, power, and authority in the Government.

"Then, too, since the United States of America—your America and my America—is the richest prize on the face of the globe today, foreign schemers have sent their best brains into this country and have sent over funds to finance this dreadful movement to wreck our American system, take over our country, and reduce us to a condition of slaves to a minority who will call themselves the state if their plans succeed.

"Believe me, if these statements sound incredible, they are nevertheless still true. This Communist movement in America is a game, the greatest history ever saw, for a prize—the control of the riches, the Government, and the people of the greatest nation history ever saw.

"Why do these Communists want to wreck this Nation, our Government, our economy, our society instead of becoming part of it? It is because they are obsessed by a lust for power and riches—not merely a few dollars, not just financial security and an estate—but the riches of a whole state, the riches of an entire nation. Hitler, Mussolini—they are two of the same ilk who were so insatiably lustful for power and riches that they were willing to rule or ruin their own countries, and, having ruled, they did ruin their own countries.

"Let me say to you that the first step toward communism is socialism—the abolition of the right of property, of your right to own your own homes, an automobile, a washing machine, or a radio. The second step is communism—and the third step is fascism. They are all of a piece; they are every one the deadly enemy of our American system of government, of our American system of economy under which the poorest boy or girl may aspire to become rich, of our American system of society, under which, generally speaking, there is more understanding, kindness, tolerance, and cooperation among the different stratas of society than in any other nation on earth.

"In this ruthless, grim fight that is being waged by these Communists, terminological distortions in our very language have taken place. There are liberals, of course. There



are liberals who perhaps disagree with us as to many things about our Government or our economy or our society. But they are willing to attain their aims of reform—or what they may believe to be reforms—by our American process of proposal, disagreement, discussion, and compromise. That is the essence of our system of government under the Constitution. That is the essence of our governmental system of checks and balances. That is the system by which men may most nearly arrive at the exact truth—that system of proposal, disagreement, discussion, and compromise. That system gives due consideration and adequate hearing to the rights of minorities. But the Communists want none of that. They want to sit at the top and issue the orders, and any disagreement or discussion does not lead to compromise under the Communist rule as it is practiced, but to a concentration camp, the noose, or the firing squad before the wall.

"These Communists who want to deceive the people all call themselves liberals. They want to overthrow our Government. They want to wreck our economy. They want to destroy our system of society. But let anyone oppose them or criticize their intentions and objectives and they promptly howl 'reactionaries.' The modern definition of a reactionary is anybody who disagrees with a Communist.

"Now let us see what real liberals and liberalism are, actually:

"The heroic men and women who crossed the stormy ocean in cockleshell boats to find liberty from autocratic oppression and totalitarian tyranny were liberals.

"The signers of the Declaration of Independence were liberals.

"The framers of the Constitution were liberals. They founded the most liberal government ever conceived by man and planted upon the face of this globe.

"On the other hand, totalitarianism and tyranny by an individual or a group at the top is the oldest form of oppression known to man. Yet these Communists want to go back to what they call a dictatorship of the proletariat.

"The fact is no such communism exists in Russia. The effort to operate communism was abandoned years ago in Russia. Today, and for years, Joseph Stalin and his little group of top administrators are, and have been, absolute despots. There is no common equality of citizens except the common term of 'comrade.' Foremen get much more than the rank-and-file workers receive. Faster workers actually get more money per piece in piecework than the slower workers do. In the American Army a lieutenant receives three times the pay of a private. A recent report revealed that in the Russian Army a lieutenant receives 13 times the pay of a private. I am speaking of second lieutenants, of course. To a Russian soldier the possession of a cheap wrist watch is something he will empty his pockets to achieve. You and I know that there was hardly a boy or girl in our armed services who did not have a very accurate wrist watch and thought little about it.

"So instead of the lovely, gentle communism which these agitators in this country paint as a beneficent communism in Russia, concentration camps, oppression, the OGPU and terrorism cover the land and are a part of the everyday life of those who live behind the iron curtain.

"If communism were working so well in Russia, just exactly why, do you suppose, the Russian rulers keep that iron curtain about Russia? Why would they not rather display to the world the blessings, the accomplishments, the fine results they claim for the communism which these American Government workers preach?

"So then, our forefathers—the founding fathers, who were true liberals—founded upon this continent the most liberal government man ever knew.

"In 150 years under our liberal American system we have achieved the highest living levels, the highest wages, the best working conditions, the greatest production, the most luxuries for the masses, the best system of railroads and highways, the most automobiles, refrigerators, and other material comforts, the greatest degree of religious, political, and social liberty ever achieved by any people in any length of time anywhere on the earth. Why should we let these scheming Communists persuade us to give up all of that to embrace a form of absolutism which inevitably would wreck every one of those advantages?

"The Communists argue that we must change our system of government, economy, and society because it is outmoded. A democracy such as ours cannot wage war or defend itself against the more efficient dictatorships either of fascism or of the proletariat, they assert. Our economy has matured they insist—whatever that may mean—and we must change to a new one. Let's look at the facts about all this and see whether or not there is a shred of truth in these communistic assertions.

"Not only have we achieved all of the wonderful advantages and comforts of life, all the liberties and the privileges which I outlined a moment ago, but we have proved the efficiency of our American system in war. Let me remind you that for 40 years the war lords of Japan were preparing for the struggle they knew they would one day wage against the western world. For 20 years Mussolini drove Italy, boot and spur, getting ready for the war he knew was coming. For 20 years Joseph Stalin drove Russia to prepare for a war he knew would come. For 12 years Hitler and his Nazi thugs drove the enslaved German people day and night getting ready for the war against civilization Hitler knew he would one day wage.

"What of America? In three short years, under our free Government, free industry, free labor, free agriculture, our free people of every religious faith, every political creed, every race and color turned to, overcame that lead of 40 years and 20 years and 12 years and put us on an offensive war basis. What else did we do? We fought two wars—one in the Atlantic and one in the Pacific. The Pacific war we fought lone-handed without any help from any other nation, and at the same time we sent billions piled upon billions of dollars' worth of lend-lease help—gifts—to Britain, Russia, and all other nations fighting on our side. We sent more than \$9,000,000,000 worth of arms munitions, machines, material and foodstuffs to Joseph Stalin in Russia. We sent more than \$30,000,000,000 of the same kind of lend-lease gift supplies to Britain. And even that is but a small part of the miracle we performed. While we did all that we kept up our own living standards.

"Now what is happening?

"The despised America, the inefficient governmental, economic, and social system these Government-wrecking Communists prate about, scorn, and berate is being asked to lend billions—I should say give—to Britain, to Russia, to France, to China, to all the other countries, at the very same time we are undertaking to carry probably half the burden of feeding a distressed and starving world. That is the kind of government, that is the kind of an efficient economy, that is the kind of an efficient social system these scheming plotters would like to overthrow in order to get their greedy clutches on the riches, the property, the loveliness that is America, in order to become dictators over our people. Whenever you hear anybody talking about the advantages of communism over Americanism, about the advantage of a dictatorship of the proletariat, about the superior efficiency of the Russian system over the American system, you tell him that every fact of history—recent history—of the very

things that are happening now in the world—give the lie to all he says to belittle the United States.

"We have the most magnificent, the most efficient, the most progressive, the most liberal, the most scientific system of production, of government, of society, of politics in this whole wide world, and every fact of history in the First and Second World Wars proves it, as do all the peacetime accomplishments we have achieved. We are the most blessed people in the most blessed land on God's footstool.

"Eternal vigilance is still the price of liberty. We must be more vigilant against the wicked, dangerous menace of these Communists. These anarchists would wreck our Nation to produce chaos so they can take over and loot and enslave and rule. It must not be, and we, the citizens, are the ones who must prevent it.

"The heroic men and women who have come back from the wars in which they endured indescribable horrors and trials to defend liberty and free government abroad now are compelled to fight for it at home. They won the war; now they must win the peace—and we must help them.

"You ask, 'What can we women do about all this?'

"We women, the special guardian of religion, which communism brags about, more in peace than in war.

"We vote; we can support candidates who stand for—I mean actually stand for—the continuation of our American system of government, economy, and society.

"We can speak out and speak with authority, knowing we are right, whenever and wherever we hear some Communist, some Communist sympathizers, or some deluded citizen who thinks communism is what it is not, tries to cry down our American system.

"You must speak up, you must defend your democracy whenever the question is raised. If the majority of the citizens do not stand firm in defense of our system, then we will lose that system.

"If ever our American system of freedom is extinguished, the light of the world will truly go out and the hope which lights the hearts of all who love liberty, godliness, and progress will become darkness.

"Communism would stamp out religion. We women must uphold religion. We must stand by our faith for the sake of the world.

"We must stand by America for the sake of the world."

THE HONORABLE CHARLES A. EATON

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CANFIELD. Mr. Speaker, the very distinguished and most able dean of the New Jersey congressional delegation, the chairman of the House Committee on Foreign Affairs, whom we affectionately know as "Doc" EATON, is 79 years old today.

"Doc" was feted in his committee room shortly after the House convened. The host was the friendly gentleman from Pennsylvania [Mr. FULTON], who, like the Member now addressing you, holds "Doc" as one of his congressional fathers, an inspiration to the younger men of the House. There was a birthday cake with all the "fixin's" and the table piece was a vase holding 79 American Beauty roses; these from the 15 other Members of Congress from New Jersey. A high light of the occasion was a phone ring from the White House. The President had

called to extend personally a birthday salute.

Three years ago this day, I felt the urge to speak on the floor about my dean. I phoned "Doc" in his office at the time and asked him how he felt. Without a moment's hesitation he gave me what the boys in the gallery might call "the punch line." Here is what he said, "Gordon, the spirit of '76 is invincible." Today, when I reminded him of this, he beamed and said, "Now I can say that the spirit of '79 is 3 years younger than the spirit of '76!"

I know that all of the good doctor's colleagues in the House join me now in wishing him many years of health and happiness in the service of our country right here in the body he loves so much.

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. CANFIELD. I yield to the distinguished gentleman from Ohio.

Mr. BENDER. The gentleman has referred to Dr. EATON, a former resident of my home city of Cleveland. For many years he served as pastor of the Euclid Avenue Baptist Church, and later, for some 20 years, worked alongside my father at the General Electric Co. I am very fond of the gentleman. When he left Cleveland for New Jersey they had a great civic celebration for Dr. EATON, and at that time he said: "I have never knowingly added to another man's burden." That very well expresses the kind of a man, the kind of a fine Christian character we have in Dr. EATON, and I am so glad the gentleman from New Jersey has risen here to pay this tribute to him.

Mr. CANFIELD. I know that what the gentleman from Ohio has just said is true. May I add this? Dr. EATON has never forgotten Cleveland.

#### PROGRAM FOR TOMORROW AND NEXT WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I take this time to say that we had hoped that if the so-called sugar bill had been acted upon in the Senate it might not be necessary for us to meet tomorrow. However, the bill has not been passed so it will be necessary for us to meet tomorrow to dispose of that. So far as I know, that will involve no particular controversy.

Then, with respect to the program for next week, it is my understanding that a deficiency appropriation bill will be reported and will be ready for consideration on Monday. It is expected that general debate on that bill will be had on Monday and that on Tuesday the bill may be read and finally acted upon.

Also it is probable that there will be several conference reports to be considered next week and, of course, those will be taken up at any time during the session. Beyond that, Wednesday and Thursday are undetermined.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I understand that in the deficiency bill there are a number of appropriations for the Veterans' Administration.

Mr. HALLECK. Well, I am not informed as to the details involved in the deficiency bill. It has not been reported so I do not know.

Mrs. ROGERS of Massachusetts. But since it is a deficiency bill there is likely to be an appropriation for the Veterans' Administration.

Mr. HALLECK. As to that I am not informed.

#### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 565. An act to amend section 3539 of the Revised Statutes, relating to taking trial pieces of coins; to the Committee on Banking and Currency.

S. 566. An act to amend sections 3533 and 3536 of the Revised Statutes with respect to deviations in standard of ingots and weight of silver coins; to the Committee on Banking and Currency.

#### JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on Enrolled Bills, reported that that committee did on March 26, 1947, present to the President, for his approval, joint resolutions of the House of the following titles:

H. J. Res. 118. Joint resolution to strengthen the common defense by maintaining an adequate domestic rubber-producing industry; and

H. J. Res. 154. Joint resolution making an appropriation for expenses incident to the control and eradication of foot-and-mouth disease and rinderpest.

#### EXTENSION OF REMARKS

Mr. MANSFIELD of Texas asked and was given permission to extend his remarks in the RECORD and include a letter.

#### ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 29 minutes p. m.) the House adjourned until tomorrow, Friday, March 28, 1947, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

494. A letter from the Chairman, Federal Power Commission, transmitting a report showing the names and compensation of the members and employees of the Federal Power Commission as of June 30, 1946; to the Committee on Interstate and Foreign Commerce.

495. A letter from the Secretary of Agriculture, transmitting a final report of the investigation conducted by the Commodity Exchange Authority; to the Committee on Agriculture.

496. A letter from the Secretary of the Treasury, transmitting a draft of a proposed bill to amend the act of March 14, 1944, to include Coast Guard personnel in the exemption from payment of tolls on the Golden

Gate Bridge; to the Committee on Interstate and Foreign Commerce.

497. A letter from the Archivist of the United States, transmitting lists or schedules, or parts of lists or schedules, covering records proposed for disposal by various Government agencies; to the Committee on House Administration.

498. A letter from the Comptroller General of the United States, transmitting a report on the audit of Home Owners' Loan Corporation (H. Doc. No. 184); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 1844. A bill to authorize the Administrator of Veterans' Affairs to grant easements in lands belonging to the United States under his supervision and control, and for other purposes; without amendment (Rept. No. 187). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 2368. A bill to amend paragraph 8 of part VII, Veterans Regulation No. 1 (a), as amended, to authorize an appropriation of \$3,000,000 as a revolving fund in lieu of \$1,500,000 now authorized and for other purposes; without amendment (Rept. No. 188). Referred to the Committee of the Whole House on the State of the Union.

Mr. CASE of New Jersey: Committee on the Judiciary. H. R. 1888. A bill to incorporate the AMVETS, American Veterans of World War II; with amendment (Rept. No. 189). Referred to the House Calendar.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 190. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 191. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. SPRINGER: Committee on the Judiciary. H. R. 1983. A bill to amend the Second War Powers Act, 1942, as amended; with amendment (Rept. No. 192). Referred to the Committee of the Whole House on the State of the Union.

Mr. WELCH: Committee on Public Lands. H. R. 49. A bill to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States; with amendments (Rept. No. 194). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHORT: Committee on Armed Services. H. R. 1605. A bill to amend the act approved December 28, 1945 (59 Stat. 663), entitled "An act to provide for the appointment of additional commissioned officers in the Regular Army, and for other purposes," as amended by the act of August 8, 1946 (Public Law 670, 79th Cong.); without amendment (Rept. No. 195). Referred to the Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 1368. A bill to include civilian officers and employees of the United States Naval Government of Guam among those persons who are entitled to the benefits of Public Law 490 of the Seventy-seventh Congress, approved March 7, 1942 (56 Stat. 143), as amended, and for other purposes; without amendment (Rept. No. 196). Referred to the



Committee of the Whole House on the State of the Union.

Mr. ELSTON: Committee on Armed Services. H. R. 1807. A bill to authorize the Secretary of the Navy to grant to the county of Pittsburg, Okla., a perpetual easement for the construction, maintenance, and operation of a public highway over a portion of the United States naval ammunition depot, McAlester, Okla.; without amendment (Rept. No. 197). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XXII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ANDREWS of New York: Committee on Armed Services. S. 875. An act to authorize the President to appoint Maj. Gen. Laurence S. Kuter as representative of the United States to the Interim Council of the Provisional International Civil Aviation Organization or its successor, without affecting his military status and perquisites; with amendment (Rept. No. 193). Referred to the Committee of the Whole House.

Mr. ELSTON: Committee on Armed Services. H. R. 2248. A bill to authorize the Secretary of War to grant an easement and to convey to the Louisiana Power & Light Co. a tract of land comprising a portion of Camp Livingston in the State of Louisiana; without amendment (Rept. No. 198). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H. R. 2814. A bill to amend the second proviso in section 27 of the Merchant Marine Act, 1920, as amended (U. S. C., 1940 ed., title 46, sec. 883); to the Committee on Merchant Marine and Fisheries.

By Mr. LECOMPTE:

H. R. 2815. A bill to provide hospitalization for certain persons who served in the armed forces of the United States in time of peace; to the Committee on Veterans' Affairs.

By Mr. LANE:

H. R. 2816. A bill to provide that veterans who have 10 or more years of service to their credit for the purposes of the Civil Service Retirement Act may receive credit for certain additional periods; to the Committee on Post Office and Civil Service.

By Mr. POTTS:

H. R. 2817. A bill to amend the Canal Zone Code, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CASE of New Jersey:

H. R. 2818. A bill to establish the position of Associate Director in the Federal Bureau of Investigation and to fix the compensation therefor; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 2819. A bill to remove the 10-year limitation on the time within which certain claims against the United States must be presented to the General Accounting Office; to the Committee on the Judiciary.

By Mrs. NORTON:

H. R. 2820. A bill to prohibit discrimination in employment because of race, religion, color, national origin, or ancestry; to the Committee on Education and Labor.

By Mr. DOMENGEAUX:

H. R. 2821. A bill to provide for the control and eradication of certain plant life in the navigable waters, feeder streams, swamps and marshes, and other waters of the United States; to the Committee on Public Works.

H. R. 2822. A bill to prohibit the transportation in interstate and foreign commerce of certain plants and seeds; to the Committee on Agriculture.

By Mr. FERNANDEZ:

H. R. 2823. A bill to provide for a commission to adjudicate claims of American nationals who were prisoners of war of Japan, for payment of its awards, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FULTON:

H. R. 2824. A bill to prohibit discrimination in employment because of race, religion, color, national origin, or ancestry; to the Committee on Education and Labor.

By Mr. HAGEN:

H. R. 2825. A bill to provide additional funds for cooperation with public-school districts (organized and unorganized) in Mahanomen, Itasca, Pine, Becker, and Cass Counties, Minn., in the construction, improvement, and extension of school facilities to be available to both Indian and white children; to the Committee on Public Lands.

H. R. 2826. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide annuities for investigatory personnel of the Federal Bureau of Investigation who have rendered at least 20 years of service; to the Committee on Post Office and Civil Service.

By Mr. WOLVERTON:

H. R. 2827. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide for the creation of a consolidated international air carrier for the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HINSHAW:

H. R. 2828. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide for the creation of a consolidated international air carrier for the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HARRIS:

H. R. 2829. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide for the creation of a consolidated international air carrier for the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWELL:

H. R. 2830. A bill to amend the Civil Aeronautics Act of 1938, as amended, to provide for the creation of a consolidated international air carrier for the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MANSFIELD of Texas:

H. R. 2831. A bill authorizing preliminary examinations and surveys of the streams, and their larger tributaries, flowing through the Brazoria-Galveston soil conservation district and the coastal plains soil conservation district, in Texas; to the Committee on Public Works.

By Mr. VURSELL:

H. Res. 164. Resolution to create a House committee to investigate the mine explosion at the Centralia Coal Co., mine No. 5, Wamac, Centralia, Ill.; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. ANDERSON of California:

H. R. 2832. A bill for the relief of Mrs. Mie Sagara; to the Committee on the Judiciary.

H. R. 2833. A bill for the relief of Isa Okuda; to the Committee on the Judiciary.

H. R. 2834. A bill for the relief of Mrs. Teiko Kimura; to the Committee on the Judiciary.

By Mr. BROPHY:

H. R. 2835. A bill for the relief of Moy Sieu; to the Committee on the Judiciary.

By Mr. MORRISON:

H. R. 2836. A bill for the relief of Mrs. Maymea Whittaker; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H. R. 2837. A bill for the relief of the Bunker Hill Development Corp.; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

281. By Mrs. SMITH of Maine: Resolution of Slovak Catholic Sokol, Assembly 13, Lisbon Falls, Maine, Paul J. Rovnak, president, and John S. Karkos, secretary, urging congressional investigation of the Czechoslovak question; to the Committee on Foreign Affairs.

282. By Mr. TALLE: Petition of the Reverend Charles E. Mason, Manchester, Iowa, and 37 other citizens of Iowa, supporting S. 265, a bill to prohibit advertising of intoxicating beverages; to the Committee on Interstate and Foreign Commerce.

## SENATE

FRIDAY, MARCH 28, 1947

(Legislative day of Monday, March 24, 1947)

The Senate met, in executive session, at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Peter Marshall, D. D., offered the following prayer:

Lord Jesus, who didst promise that by faith Thy disciples might remove mountains, increase our faith, till we no longer are awed by difficulties and frightened by problems. Hold us by Thy mighty hand until doubts shall cease and we begin to believe. Then shall we find all things possible, even Thy solutions to the questions that perplex us. For this we do pray. Amen.

#### THE JOURNAL

On request of Mr. WHERRY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 27, 1947, was dispensed with, and the Journal was approved.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 1) to reduce individual income-tax payments, in which it requested the concurrence of the Senate.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)